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Sakthi Finance
Since 1955

SAKTHI FINANCE LIMITED

Our Company was originally incorporated as "The Pollachi Credit Society Private Limited" on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to "Sakthi Finance Limited" on July 27, 1967 vide a fresh Certificate of Incorporation obtained from Registrar of Companies, Madras. The Corporate Identity Number of our Company is L65910TZ1955PLC000145. The PAN of our Company is AADCS0656G. For further details of changes in Registered Office of our Company, refer Chapter titled "***History and Certain Corporate Matters***" beginning on page 143 of this Draft Prospectus. Our Company is registered as a Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act 1934 (2 of 1934) and has been classified as an "NBFC ML Investment and Credit Company- Deposit -Taking" and have been issued a Certificate of Registration Number 07-00252 in pursuance of the same.

Registered & Corporate Office: 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu
Tel No: +91 (422) 2231471-474/4236200; **Fax No:** +91 (422) 2231915; **Website:** www.sakthifinance.com
Company Secretary and Compliance Officer: Sri. C.Subramaniam; **Tel No**: +91 (422) 4236238; **Email**: csubramaniam@sakthifinance.com
Chief Financial Officer: Sri. Srinivasan Anand; **Telephone No.**: +91 (422) 4236301; **E-mail**: sanand@sakthifinance.com
Statutory Auditors: M/s CSK Prabhu & Co., Chartered Accountants (FRN 002485S)
Address: F4, Fourth Floor, Srivari Kikani Centre 2, Krishnaswamy Mudaliar Road, Coimbatore - 641 002
Telephone No.: +91 (422) 2552437; **Email:** csk@cskprabhu.com; **Contact Person:** Sri. CSK Prabhu

PUBLIC ISSUE BY SAKTHI FINANCE LIMITED ("THE COMPANY" OR "ISSUER") OF RATED SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT NOT EXCEEDING ₹ 10,000 LAKH (HEREINAFTER REFERRED TO AS THE "BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION FOR AN AMOUNT NOT EXCEEDING ₹ 10,000 LAKH, AGGREGATING TO AN AMOUNT NOT EXCEEDING ₹ 20,000 LAKH (HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE"). . THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER, AS AMENDED AND TO THE EXTENT NOTIFIED AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTERS

Dr. M. Manickam - Telephone: +91 (422) 2221991; **Email:** mmanickam@sakthisugars.com; **Sri. M. Balasubramaniam - Telephone:** +91 (422) 4236200**; Email:** balumahalingam@sakthifinance.com

For further details, refer to the Chapter ***"Our Promoters"*** on page 167 of this Draft Prospectus.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the Section titled **"*Risk Factors*"** from page 18 to page 45 of the Draft Prospectus. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any Registrar of Companies or any Stock Exchange in India or do they guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

Investment in debt securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the Draft Prospectus including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under "***Risk Factors***" on page 18 of the Draft Prospectus. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including SEBI, the Reserve Bank of India ("**RBI**"), RoC or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY AMOUNT AND ELIGIBLE INVESTORS

For Details relating to Coupon Rate, Coupon Payment frequency, Redemption Date and Redemption amount, please refer Chapter titled ***"Issue Structure"*** beginning on Page 182 of this Draft Prospectus. For details relating to Eligible Investors, please refer the Chapter titled ***"Issue Procedure"*** *on* page 206 of this Draft Prospectus.

CREDIT RATING

The NCDs proposed to be issued by our Company have been rated by ICRA Limited ("**ICRA**"). ICRA has *vide* its Ref. No. ICRA/Sakthi Finance Limited//10012024/1 dated January 10,2024 read with the rating rationale dated January 12, 2024 assigned a rating of **"[ICRA] BBB (Stable)"** for an amount up to ₹ 20,000 lakh. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold the NCDs and investors should take their own decisions. Please refer to ***Annexure C*** of this Draft Prospectus for rationale for the above rating on page 310 of this Draft Prospectus..

ICRA A MOODY'S INVESTORS SERVICE COMPANY	Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 **Tel:** +91 22 61143406; **Fax:** +91 22 24331390 **Email:** shivakumar@icraindia.com; **Website:** www.icra.in **Contact person:** Mr. L Shivakumar **Compliance Officer:** Mr. Dharmesh Ved **SEBI Registration No:** IN/CRA/008/2015

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on BSE Limited ("**BSE**") and BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE vide their letter no. [•].

PUBLIC COMMENTS

The Draft Prospectus dated January 17, 2024 was filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations to be kept open for public comments for a period of seven Working Days (i.e., until 5 p.m.) on January [•], 2024. No comments were received on the Draft Prospectus until 5 p.m. on January [•], 2024.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE*
Bonanza	LINKIntime	CATALYST
Bonanza Portfolio Limited Bonanza House, Plot No. M-2 Cama Industrial Estate, Walbhat Road, Behind The Hub, Goregaon (East), Mumbai - 400 063 **Tel :** + 91 022 68363773 / +91 011 61271909 **Email :** swati.agrawal@bonanzaonline.com abhay.bansal@bonanzaonline.com **Website :** www.bonanzaonline.com **Investor Grievance Email:** mbgrievances@bonanzaonline.com **Contact Person:** Ms. Swati Agrawal / Mr. Abhay Bansal **Compliance Officer (Merchant Banking):** Ms. Swati Agrawal **SEBI Registration No:** INM000012306 **CIN:** U65991DL1993PLC052280	**LINK INTIME INDIA PRIVATE LIMITED** C-101, First Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 **Tel No:** 91 810 811 4949; **Fax No:** 91 (22) 49186060 **Email :** sakthifinance.ncd2023@linkintime.co.in **Website:** www.linkintime.co.in **Investor Grievance Email:** sakthifinance.ncd2023@linkintime.co.in **Contact person:** Ms. Shanti Gopalkrishnan **Compliance Officer:** Mr. BN Ramakrishnan **SEBI Registration No:** INR000004058 **CIN :** U67190MH1999PTC118368	**CATALYST TRUSTEESHIP LIMITED** "GDA House", Plot No 85, Bhusari Colony (Right), Paud Road, Pune – 411038 **Tel :** + 91 022 49220555; **Fax :** + 91 022 49220505 **Email :** ComplianceCTL-Mumbai@ctltrustee.com **Website :** http://catalysttrustee.com **Investor Grievance Email:** https://grievance@ctltrustee.com **Contact person:** Ms. Deesha Trivedi **Compliance Officer:** Ms. Kalyani Pandey **SEBI Registration No:** IND000000034 **CIN:** U74999PN1997PLC110262

ISSUE PROGRAMME**

ISSUE OPENS ON	[DAY], [•][•], 2024	ISSUE CLOSES ON	[DAY], [•][•], 2024

* Catalyst Trusteeship Limited has, vide its letter dated December 26, 2023, given its consent for its appointment as Debenture Trustee to the Issue, pursuant to Regulation 8 of the SEBI NCS Regulations and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. Refer **Annexure D** of Draft Prospectus.

** The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated in the relevant Tranche Draft Prospectus. Our Company may, in consultation with the Lead Managers, consider closing the relevant Tranche Issue on such earlier date or extended date (subject to a minimum period of three working days and a maximum period of 10 working days from the date of opening of the relevant tranche issue and subject to not exceeding thirty days from filing tranche Draft Prospectus with ROC) including any extensions), as may be decided by the Board of Directors or Committee of Directors of our Company, subject to relevant approvals, in accordance with the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in an English daily national newspaper with wide circulation and a regional daily with wide circulation where the registered office of the Company is located (in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure). On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please refer to the section titled "General Information" on page 46 of this Draft Prospectus.

A copy of the Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Chief Operating Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Sponsor Bank, Credit Rating Agency, the legal advisor, the Debenture Trustee, lenders to our Company and the Syndicate Member to act in their respective capacities shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/ certified copies of all requisite documents. For further details, please see "*Material Contracts and Documents for Inspection*" beginning on page 304 of this Draft Prospectus.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

Company related terms

Term	Description
"Issuer", "SFL", "our Company", "the Company" "Our" "Us" or "We"	Sakthi Finance Limited, a public limited company incorporated under the Indian Companies Act 1913, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the RBI Act 1934 and has been classified as an Investment and Credit Company - Deposit taking-Middle Layer". Our Registered Office is at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Articles /Articles of Association / AoA	Articles of Association of Sakthi Finance Limited, as amended
Asset and Liability Management	Asset and Liability Management of Sakthi Finance Limited
ALM Committee	Assets Liability Management Committee of the Board of Directors
Audit Committee	Audit Committee of the Board of Directors
Audited Financial Statements	Audited Standalone Financial Statements of the Company for the respective years.
Board / Board of Directors	Board of Directors of our Company or any Committee duly authorized to act on their behalf.
Chief Financial Officer	Sri Srinivasan Anand, the Chief Financial Officer of our Company
Chief Operating Officer	Sri K S Venkitasubramanian, the Chief Operating Officer of our Company
Company Secretary and Compliance Officer	Sri C. Subramaniam, the Company Secretary and Compliance Officer of our Company
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Board of Directors
Director(s)	Director(s) on the Board of our Company.
Expected Credit Loss / ECL	ECL, is a probability weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate.
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each.
Group Companies	Includes such companies, other than Promoter(s), with which there were related party transactions, during the period for which financial information is disclosed in this Draft Prospectus, as covered under the applicable accounting standards and also other companies as considered material by the Board of the Company.
Independent Director	A Non-executive, independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations, who are currently on the Board of our Company.
Key Managerial Personnel / KMP	Key Managerial Personnel of our Company as disclosed in this Draft Prospectus and appointed in accordance with Key Managerial Personnel, as defined under Section 2(51) of the Companies Act, 2013
Limited Review Report/LRR	Limited Review Report dated November 08, 2023 given by our Statutory Auditors, M/s. CSK Prabhu & Co, Chartered Accountants, on the unaudited financial results for the half year ended September 30, 2023.
Memorandum/ Memorandum of Association / MoA	Memorandum of Association of Sakthi Finance Limited, as amended.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act 1934

Net Owned Fund	In terms of Section 45-IA of the RBI Act 1934, Net Owned Fund **("NOF")** of an NBFC means: (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company after deducting therefrom (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing (1) investments of such company in shares of its subsidiaries; companies in the same group; all other NBFCs; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to and deposits with subsidiaries of such company; and companies in the same group, to the extent such amount exceeds 10% of (a) above.
NCD Issuance Committee	The Committee constituted by our Board of Directors by a board resolution dated February 8, 2014 and reconstituted on February 13, 2021.
Net Worth	Net worth as defined in Section 2(57) of the Companies Act 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
NPA	Non-Performing Asset.
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Board of Directors.
Preference Shares	8.25% Redeemable Cumulative Preference Shares of our Company of face value of ₹ 100 each and 9.00% Redeemable Cumulative Preference Shares of ₹ 100 per share
Promoters	The promoters of our Company, namely, Dr. M. Manickam and Sri. M. Balasubramaniam.
Promoter Group	Sri. M. Srinivaasan, Smt. Karunambal Vanavaraayar and including ABT Investments (India) Private Limited, ABT Finance Limited, ABT Foundation Limited, ABT Industries Limited, Sakthifinance Financial Services Limited, Sakthi Financial Services (Cochin) Private Limited, Sakthi Finance Holdings Limited, Sakthi Realty Holdings Limited, Sakthi Sugars Limited, Sri Chamundeswari Sugars Limited, Sri Sakthi Textiles Limited and The Gounder and Company Auto Limited.
Registered Office	The registered office of the Company situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Risk Management Committee	Risk Management Committee of the Board of Directors.
RoC	The Registrar of Companies, Tamil Nadu, Coimbatore.
"₹" or "Rupees" or "Indian Rupees" or "Rs."	The lawful currency of the Republic of India.
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under Ind AS.
Stage 1 Provision	Stage 1 provision are 12 month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS.
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS.
Stage 2 Provision	Stage 2 provision are life-time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS.
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.
Stage 3 Provisions	Stage 3 provision are life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS.

Statutory Auditors/Auditors	M/s CSK Prabhu & Co, Chartered Accountants, Coimbatore (ICAI Registration No: 002485S) are our Statutory Auditors of our company with effect from September 30, 2021 and M/s P K Nagarajan & Co, Chartered Accountants, Coimbatore (ICAI Registration No:016676S) were the Statutory Auditors of our company for FY 2021.
Stakeholders' Relationship Committee	Stakeholders' Relationship Committee of the Board of Directors.
Tier-I Capital	Tier I Capital means, owned fund as reduced by investment in shares of other NBFCs 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, 10% of the owned fund.
Tier-II Capital	Tier-II Capital includes the following: a) preference shares other than those which are compulsorily convertible into equity; b) revaluation reserves at a discounted rate of 55%; c) general provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of 1.25% of risk weighted assets; d) hybrid debt capital instruments; e) subordinated debt; and f) 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;

Issue related terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment/Allot/Allotted	Unless the context otherwise requires, the allotment of the NCDs to the successful Applicants, pursuant to the Issue
Allotment Advice	The communication sent to the Allottee(s) conveying details of NCDs allotted to the Allottee(s) in accordance with the Basis of Allotment
Allottee(s)	A successful Applicant to whom the NCDs are being/have been allotted either in full or part pursuant to the Issue
Applicant/Investor	A person who applies for issuance of NCDs pursuant to the terms of the Prospectus and Application Form
Application	An application to subscribe to NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form
Application Form/ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process and which will be considered as the Application for Allotment of NCDs in terms of the Prospectus
"ASBA" or "Application Supported by Blocked Amount"/ASBA Application	An application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the application Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process
Banker(s) to the Issue / Collection Bank(s) / Sponsor Bank	Collectively the Public Issue Account Bank and Refund Bank and Sponsor Bank, as specified on page 50

Term	Description
Base Issue / Base Issue Size	Public Issue of NCDs by our Company aggregating up to ₹ 10,000 lakh
Basis of Allotment	The basis on which NCDs will be allotted to successful Applicants under the Issue and which is described in the Chapter titled ***"Issue Procedure- Basis of Allotment"*** on page 233
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Bidding Centres / Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, ***i.e.***, Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Location for RTA and Designated CDP Locations for CDPs
Bonanza Portfolio Limited	SEBI registered Merchant Banker with Registration Number INM000012306 and the Lead Manager to the Proposed Issue
Broker Centres	Broker Centres notified by the Stock Exchanges where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange at www.bseindia.com
BSE	BSE Limited, the Designated Stock Exchange
Category I Investor (also termed as "**Institutional Investors**")	Persons eligible to apply to the Issue includes: • Resident public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorized to invest in the NCDs; • State industrial development corporations; • Provident funds, pension funds with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, authorized to invest in the NCDs; • Insurance companies registered with IRDA; • National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India; • Mutual funds registered with SEBI; • Alternative Investment Funds registered with SEBI subject to investment conditions applicable to them under the SEBI AIF Regulations; • Resident Venture Capital Funds registered with SEBI; • Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a networth of more than ₹ 50,000 lakh as per the last audited financial statements; and • Insurance funds set up by and managed by the army, navy or air force of the Union of India or by the Department of Posts, GoI
Category II Investor (also termed as "**Non-Institutional Investors**")	Persons eligible to apply to the Issue includes: • Companies within the meaning of Section 2(20) of the Companies Act 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in NCDs; • Co-operative banks, and regional rural banks incorporated in India; • Trusts including public/private charitable/religious trusts settled and/or registered in India under applicable laws, which are authorized to invest in the NCDs; • Resident Indian scientific and/or industrial research organizations, authorized to invest in the NCDs; • Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), authorized to invest in the NCDs; • Partnership firms formed under applicable laws in India in the name of the partners, authorized to invest in the NCDs; • Association of Persons: and • Any other incorporated and/or unincorporated body of persons

Term	Description
Category III Investor (also termed as "**High net-worth Individual Investors**")	Resident Indian Individuals which include: • Resident Indian Individuals and Hindu Undivided Families applying through the Karta for an amount aggregating a value above ₹ 10 lakh across all options of NCDs in this Issue
Category IV Investor (also termed as "**Retail Individual Investors**")	Retail Individual Investors which include: • Resident Indian Individuals and • Hindu Undivided Families applying through the Karta applying for an amount aggregating up to and including ₹ 10 lakh across all options of NCDs in the Issue and shall include retail individual investors who have submitted bids for an amount not more than ₹ 5 lakh in any of the bidding options in this issue (including HUFs applying through their karta and does not include NRIs) through UPI mechanism
Client ID	Client identification number maintained with one of the Depositories in relation to the dematerialized account
CD / Collecting Depository Participant ("**CDPS**")	Depository participant as defined under the Depositories Act 2018 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations
Collecting Registrar and Share Transfer Agents/ Collection Centers/CRTAs	Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency	The credit rating agency in connection with this Issue, namely ICRA Limited
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see ***"Issue Structure"*** on page 182
"Debentures" or "NCDs"	Rated, Listed, Secured, Redeemable Non-Convertible Debentures of our Company of face value of ₹ 1,000 each, proposed to be issued by our Company in terms of the Prospectus
"Debenture Certificate(s)" or "NCD Certificate(s)"	Certificate issued to the Debenture Holder(s) in case the Applicant has opted for physical NCDs based on request from the Debenture Holder(s) pursuant to dematerialization
"Debenture Holder(s)" or "NCD Holder(s)"	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories
Debenture Trustee/ Trustee	Trustee for the NCD Holders, in this case being Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement dated 10th January 2024 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue is agreed as between our Company and the Debenture Trustee.
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the principal of NCDs and the interest due thereon.
Deemed Date of Allotment	The Deemed Date of Allotment for the NCDs shall be the date on which the Board of Directors or NCD Issuance Committee thereof approves the allotment of NCDs or such date as may be determined by the Board of our Company and/or an NCD Issuance Committee thereof and notified to the Stock Exchange. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. The actual Allotment may occur on a date other than the Deemed Date of Allotment.
Demographic Details	On the basis of name of the Applicant, PAN details, Depository Participant's name, Depository Participant Identification Number and Beneficiary Account Number provided by the Applicants in the Application Form, the Registrar to the Issue will obtain from the Depositories the demographic details of the investor such as address, PAN, bank account details for printing on refund instruments or used for refunding through electronic mode, as applicable. The above Demographic Details would be used for all correspondence with the Applicants including mailing of refund instrument /Allotment Advice and

Term	Description
	printing of bank particulars on refund/interest instrument. These demographic details given by Applicant in the Application Form would not be used for any other purposes by Registrar.
Depositories Act	The Depositories Act 2018, as amended from time to time
Depository(ies)	National Securities Depository Limited (**"NSDL"**) and/or Central Depository Services (India) Limited (**"CDSL"**).
DP /Depository Participant	A depository participant as defined under the Depositories Act 2018.
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=44 or at such other websites as may be prescribed by SEBI from time to time.
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalization of the Basis of Allotment, in terms of this Prospectus following which the NCDs will be Allotted in the Issue.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept Application Forms are available on the website of the Stock Exchange at www.bseindia.com, as updated from time to time.
Designated Intermediary(ies)	Collectively, the Members of the Syndicate, sub-brokers, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange at www.bseindia.com, as updated from time to time.
Designated Stock Exchange / Stock Exchange)	BSE Limited
Direct On-line Application	The application made using an on-line interface enabling direct application by investors to a public issue of debt securities with an on-line payment facility through a recognized stock exchange. This facility is available only for dematerialized account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct on-line applications mechanism of the Stock Exchange.
Draft Prospectus	The Draft Prospectus dated January 17, 2024 filed by our Company with the Designated Stock Exchange for receiving public comments in accordance with the provisions of the SEBI NCS Regulations.
Equity Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange in connection with the listing of the Equity Shares of our Company
Fugitive Economic Offender	Fugitive Economic Offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).
ICRA	ICRA Limited, the Credit Rating Agency
Ind AS	Indian Accounting Standards **("Ind AS")** notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in the Prospectus. Please refer the Chapter titled ***"Terms of Issue – para on Interest and Payment of Interest"*** on page 197.
Issue	Public issue by the Company of Rated, Listed, Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each, for an amount not exceeding ₹ 10,000 lakh as the Base Issue with an option to retain over-

Term	Description
	subscription for an amount not exceeding ₹ 10,000 lakh, aggregating an amount not exceeding ₹ 20,000 lakh, on the terms and in the manner set out in the Prospectus.
Issue Closing Date	[●] or such early or extended date as may be decided by the Board or the NCD Issuance Committee.
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms as specified in the Prospectus
Lead Broker(s)	[●]
Lead Manager / LM	Bonanza Portfolio Limited
Lead Manager MoU	Memorandum of Understanding dated December 26, 2023 executed between the Company and the Lead Manager
Lead Broker Agreement	Agreement dated **[●]** entered into amongst our Company, Lead Manager and Lead Brokers
Market Lot	1 (One) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
Members of the Syndicate	Lead Manager and the Lead Brokers
Members of the Syndicate Bidding Centers	Members of the Bidding Centers established for acceptance of Application Forms
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Prospectus / Offer Document	The Prospectus dated **[●]** to be filed by the Company with the RoC, SEBI and Stock Exchange in accordance with the provisions of the Companies Act 2013 and the SEBI NCS Regulations read with any addendum / corrigendum thereto
Public Issue Account	An account(s) opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement / Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank, the Sponsor Bank, the Refund Bank for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for collection of the Application Amounts from ASBA Accounts, unblocking of funds in the ASBA accounts where applicable and where applicable remitting refunds, if any, to such Applicants, on the terms and conditions thereof
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs, which shall be 15 (Fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors / NCD Issuance Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Company to the Stock Exchange, will be deemed as the Record Date.
Recovery Expense Fund	An amount that would be deposited by our Company with the Designated Stock Exchange ***i.e.*** BSE Limited, equal to 0.01% of the Issue Size, subject to a maximum of ₹ 25,00,000 at the time of making application for Listing.

Term	Description
Redemption Amount	As specified in the Prospectus
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in the Prospectus.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made
Refund Bank	The Banker to the Issue, with whom the Refund Account will be opened, which shall be specified in the Prospectus.
Register of Debenture Holders/NCD Holders	The Register of Debenture Holders maintained in accordance with the provisions of the Companies Act 2013 and by the Depositories in the case of Debenture(s) held in dematerialized form, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act
Resident Indian Individuals	An individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
"Registrar to the Issue" or "Registrar" / RTA	Link Intime India Private Limited
Registrar Agreement	Agreement dated 17th January 2024 entered into between our Company and the Registrar to the Issue under the terms of which the Registrar has agreed to act as the Registrar to the Issue.
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as notified on September 02, 2015 and as enforced on December 01, 2015, as amended from time to time
"Self-Certified Syndicate Banks" or "SCSBs"	The banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45 or such other website as may be prescribed by the SEBI, from time to time. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on www.sebi.gov.in or at such other web-link as may be prescribed by SEBI, from time to time.
Secured NCDs	NCDs offered under this Issue which are redeemable and will be secured by a charge on the assets of our Company
Secured Debenture Holder(s) / Secured NCD Holder(s)	The holders of the Secured NCDs whose name appears in the database of the Depository and/or the register of Secured NCD Holders (if any) maintained by our Company, if required under applicable law.
Security	Assets offered for creating security for the Secured NCDs under the Issue.
Specified Cities/Specified Locations	Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at **https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes** and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the issuer to act as a conduit between the Stock Exchange and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹ 500,000 and carry out any other responsibilities in terms of the UPI Mechanism Circular and as specified in this Draft Prospectus.
Subordinated Debt	Subordinated Debt means an instrument, which is fully paid-up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instrument's rate of discount:

Term	Description
	(a) up to one year 100%; (b) more than one year but up to two years 80%; (c) more than two years but up to three years 60%; (d) more than three years but up to four years 40%; (e) more than four years but up to five years 20%; to the extent such discounted value does not exceed fifty per cent of Tier I Capital
Syndicate ASBA	An application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members only in the Syndicate ASBA Application Locations instead of the Designated Branches of the SCSBs
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at www.sebi.gov.inand at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45 Recognized-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor/ period of the NCDs as specified in this Draft Prospectus
Trading Members	Intermediaries registered with as a lead broker or a sub-broker under the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable bye-laws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange
"Transaction Registration Slip" or "TRS"	The slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer
Uniform Listing Agreement	The uniform listing agreement entered / to be entered into between the Stock Exchange and our Company, pursuant to the Listing Regulations and SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015, in relation to the listing of the NCDs on the Stock Exchange
Unified Payment Interface (**"UPI"**)	Unified Payment Interface is an instant payment system developed by the National Payments Corporation India (**"NPCI"**). It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.
UPI ID	ID created on Unified Payment Interface **("UPI")** for single-window mobile payment system developed by the National Payments Corporation of India Limited **("NPCI")**
UPI Investor	An Applicant who applies with a UPI ID whose Application Amount for NCDs in the Issue is up to ₹ 5,00,000
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorize blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI and the subsequent debit of funds in case of Allotment.

Term	Description
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make applications in the Issue, in accordance with SEBI Master Circular and any other circulars issued by SEBI or any other governmental authority in relation there to from time to time
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter/(s)	A Person/ (persons) or a company categorized as a wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such.
Working Day/(s)	Working Day/(s) means all days excluding Saturdays or Sundays or a holiday for commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays in India. Furthermore, for the purpose of post Issue Period, *i.e.* period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges excluding Saturdays, Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AADHAR	AADHAR is a 12 digit unique number which the Unique Identification Authority of India **("UIDAI")** will issue for all residents of India
AGM	Annual General Meeting
Ind AS	Accounting Standards notified by the Central Government under the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act 2013	Companies Act 2013 (to the extent notified) read with the rules framed by the Ministry of Corporate Affairs, Government of India
CRAR/CAR	Capital-to-Risk weighted Assets Ratio **("CRAR")** also referred to as Capital Adequacy Ratio (**"CAR"**)
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI policy dated October 15, 2020 issued by DIPP and the applicable regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017) made by the RBI prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, as amended from time to time.
FIIs/FII	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31st of that particular year
GDP	Gross Domestic Product
GoI or Government	Government of India

Term/Abbreviation	Description/ Full Form
GVA	Gross Value Added
HUF	Hindu Undivided Family/(ies)
ICAI	The Institute of Chartered Accountants of India
IFSC	Indian Financial System Code
Income Tax Act/IT Act	Income Tax Act 1961
IRDAI	Insurance Regulatory and Development Authority of India
IREDA	The Indian Renewable Energy Development Agency Limited
ISIN	International Securities Identification Number
IST	Indian Standard Time
LIC	Life Insurance Corporation of India
LLP	Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding
MoF	Ministry of Finance, GoI
MCA	Ministry of Corporate Affairs, GoI
SRTOs/MRTOs	Small / Medium Road Transport Operators
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations 2008
NR or "Non-resident"	A person resident outside India, as defined under FEMA
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PF	Provident Fund
QFI(s)	Qualified Foreign Investors, as defined under the RBI A.P. (DIR Series) Circular No. 8 dated August 9, 2011 issued by the RBI
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
Resident Indian individuals	An individual who is a person resident in India as defined in the FEMA
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002
SBR Framework	RBI Scale Based Regulation Circular dated November 10, 2023 as amended from time to time.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012, as amended from time to time
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended from time to time
SEBI LODR Regulations 2015 / Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time
SEBI Master Circular	SEBI Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated July 07, 2023, (as amended from time to time for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts Municipal Debt Securities and Commercial Paper (earlier known as SEBI Operational Circular)
SEBI Master Circular DT	SEBI Master Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109 March 31, 2023 (updated as on July 06, 2023) (as amended from time to time)

Term/Abbreviation	Description/ Full Form
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended from time to time
TDS	Tax Deducted at Source
UPI	Unified Payment Interface
USA	United States of America
USD	US Dollar

Business / Industry related terms

Term/Abbreviation	Description/ Full Form
ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
CER	Certified Emission Reduction
CERC	The Central Electricity Regulatory Commission
CFO	Chief Financial Officer
COO	Chief Operating Officer
CRR	Cash Reserve Ratio
CSO	Central Statistical Office
CV	Commercial Vehicle
ECGC	Export Credit Guarantee Corporation of India Limited
HP	Hire Purchase
IC	Investment Companies
ICC	Investment and Credit Company
kW	kilo Watt
KYC	Know Your Customer Guidelines
LC	Loan Companies
LCV	Light Commercial Vehicle
LTV	Loan to value
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-Banking Financial Company.
NBFC-D	Non-Banking Financial Company - Deposit Taking
NBFC-ICC	Non-Banking Financial Company - Investment and Credit Company (formerly Asset Finance Company)
NBFC-BL	Base Layer NBFC under SBR framework
NBFC-ML	Middle Layer NBFC under SBR framework
NBFC-UL	Upper Layer NBFC under SBR framework
NHB	National Housing Bank Limited
SIAM	Society of Indian Automobile Manufacturers
SIDBI	Small Industries Development Bank of India
SLR	Statutory Liquidity Ratio
TFCI	Tourism Finance Corporation of India Limited
UV	Utility Vehicles

Notwithstanding the foregoing:

1. In the Section titled **"*Risk Factors*"** beginning on page 18, defined terms have the meaning given to such terms in that Section.

2. In the Chapter titled **"*Statement of Possible Tax Benefits*"** beginning on page 73, defined terms have the meaning given to such terms in that Chapter

3. In the Chapter titled **"*Our Business*"** beginning on page 125, defined terms have the meaning given to such terms in that Chapter.

4. In the Chapter titled "***Financial Statements*"** beginning on page 170, defined terms have the meaning given to such terms in that Chapter.

5. In the paragraph titled ***"Disclaimer Clause of the SEBI"*** on page 251 and **"*Disclaimer Clause of the BSE*"** on page 251 in the Chapter titled **"*Other Regulatory and Statutory Disclosures*"** beginning on page 250, defined terms shall have the meaning given to such terms in those paragraphs.

6. In the Chapter titled **"*Pending Proceedings and Statutory Defaults"*** beginning on page 240, defined terms has the meaning given to such terms in that Chapter.

7. In the Chapter titled **"*Key Regulations and Policies*"** beginning on page 269, defined terms have the meaning given to such terms in that Chapter.

8. In the Chapter titled "**Main Provisions of Articles of Association of the Company**" beginning on page 289, defined terms have the meaning given to such terms in that Chapter.

CERTAIN CONVENTIONS, USE OF FINANCIAL INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain conventions

In this Draft Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "SFL" "we", "us", "our" and "our Company" are to Sakthi Finance Limited. Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

All references in this Draft Prospectus to "India" are to the Republic of India and its territories and possessions. All references to the "Government" or "State Government" are to Government of India, Central or State, as applicable.

Presentation of Financial Information

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 - month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31, of that calendar year.

Our Company publishes its financial statements in Rupees lakhs. Our Company's audited financial statements for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been prepared in accordance with Ind AS financial information including the Accounting Standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, as amended.

Our audited financial statements for the years ended March 31, 2021 have been audited by M/s. P.K. Nagarajan & Co, Chartered Accountants, Coimbatore, who were our Statutory Auditors for the above stated year. Our audited financial statements for the years ended March 31, 2022 and March 31, 2023 have been audited by our Statutory Auditors M/s. CSK Prabhu & Co, Chartered Accountants, Coimbatore

Unaudited but Limited Reviewed Interim Ind AS financial statements of the company as at and for the six months period ended September 30, 2023 have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) 34 **"Interim Financial Reporting"**, specified under section 133 of the Act as amended, read with relevant Rules issued thereunder and other accounting principles generally accepted in India and Regulation 33 and 52 of the SEBI LODR (the **"Interim Ind AS Financial Statements"**). The Limited review report on the unaudited financial results for the Half year ended September 30, 2023 have been issued by our statutory auditors, M/s. CSK Prabhu & Co, Chartered Accountants on November 08, 2023 and approved by our Board of Directors at their meeting held on November 08, 2023.

For the purpose of disclosures, we have included the following annual Audited Financials along with Independent Auditor's Report issued by the following auditors for the respective years and the LRR, in this draft prospectus in the Section titled "***Financial Statement"*** beginning at page 308 of this Draft Prospectus.

Particulars	Date of Auditor's Report	Name of the Auditor
Unaudited financial statements for the six months ended September 30, 2023 along with LRR	08-11-2023	M/s. CSK Prabhu & Co, Chartered Accountants, Coimbatore
Audited Financial Statements of the Company for Fiscal 2023	26-05-2023	M/s. CSK Prabhu & Co, Chartered Accountants, Coimbatore
Audited Financial Statements of the Company for Fiscal 2022	24-05-2022	M/s. CSK Prabhu & Co, Chartered Accountants, Coimbatore
Audited Financial Statements of the Company for Fiscal 2021	30-06-2021	M/s. P.K. Nagarajan & Co, Chartered Accountants, Coimbatore

Unless stated otherwise or unless the context requires otherwise, the financial data: (a) as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and (b) for the six months ended September 30, 2023 and used in this Draft Prospectus are derived from our Audited Financial Statements/ Unaudited Financial Statements (For six months ended September 30, 2023).

The financial data and numbers used in this Draft Prospectus are derived from the Audited Financial Statements prepared under Ind AS, as specifically mentioned in this Draft Prospectus and is not strictly comparable. Further, financial information for the quarter and six months ended September 30, 2023 is not indicative of full year results and are not comparable with annual financial information.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Unless stated otherwise, macro-economic and industry data used throughout this Draft Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

Industry and Market Data

Any industry and market data used in this Draft Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including ICRA, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Draft Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Currency and Unit of Presentation:

In this Draft Prospectus, all references to 'Rupees' / ₹'/'INR'/ 'Rs' are to Indian Rupees, the official currency of the Republic of India. Except where stated otherwise in this Draft Prospectus, all figures have been expressed in 'in lakh(s)/ lac(s)'. The word one 'lakhs/lacs/lac' means 'one hundred thousand' and 'Crore' means "One hundred lakh" Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding off adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Exchange rates at end of the period

(₹)

Currency	December 29, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 US$	83.11	82.18	75.91	73.20

Source: http://www.fbil.org.in

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section "Risk Factors" on page 18. These risks are not and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

FORWARD-LOOKING STATEMENTS

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

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

For further discussion of factors that could cause our actual results to differ, refer Section titled ***"Risk Factors"*** on page 18 of this Draft Prospectus. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapters ***"Industry Overview", "Our Business***" and Section titled "***Legal and Other Information***" on page 97, 125 and 240 respectively of this Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

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

SECTION II: RISK FACTORS

An investment in NCDs involves a certain degree of risk. The risk factors set out below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. Prospective investors should carefully and independently assess and evaluate the risks and uncertainties described below, in addition to the other information contained in this Draft Prospectus including Our Business at page 125 and Financial Information at page 170 before making an investment decision relating to the NCDs.

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

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

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

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

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

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

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

Certain information in this section includes extract from the ICRA Research Report - NBFC-Retail Retail and Commercial Finance dated 31 *October 2023. Neither our company, the Lead Manager, the Debenture Trustee, nor any other person connected with the Issue has independently verified such industry and third party information. For more information, please see "**Industry Overview**" on Page 97.*

Risks relating to our Company and its Business

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

   Our Company is involved in certain legal proceedings, including civil suits, consumer cases and tax disputes which typically arise in the normal course of business. These legal proceedings are pending at various levels of adjudication before various courts/ forum, regulatory authorities and tribunals. Our Company has been incurring cost in defending these proceedings. Any adverse orders in these proceedings may have an impact on our financial condition. For the details, please refer to Chapter titled **"*Pending Proceedings and Statutory Defaults*"** beginning on page 240 of the Draft Prospectus.

2. ***Our Company's promoter directors are promoter directors of a group company, whose liabilities to some of its creditors are in default. Any adverse action taken by these creditors might therefore affect the financial condition of our promoter directors.***

   Any defaults may lead to these creditors initiating fresh legal action or reviving the compromised petitions and any adverse outcome thereof, can impact financial condition of the promoter directors of our Company.

3. ***Our Company's promoter directors are promoters of a Group Company in which one of their creditors have filed petitions before the Debt Recovery Tribunal ("DRT") for recovery of their dues. Any adverse outcome on any of the applications before DRT for recovery of dues may therefore have an impact on the financials of our promoter directors and operations/ financial position of our company.***

Sakthi Sugars Limited **("SSL"),** one of the Group Companies was sanctioned loans for an amount aggregating ₹ 6,216.96 lakh by SDF for meeting the shortfall in the Promoters contribution for setting up of 35 MW and 25 MW bagasse-based cogeneration plant at Sivaganga and Modakurichi respectively with IFCI Limited as Nodal and Monitoring Agency. IFCI Limited has made a claim for ₹ 6,806.80 lakh against SSL before DRT, Chennai in O.A. No. 9 of 2018. The OA is at final stage of hearing. The Government of India has issued guidelines for restructuring of the loans availed by companies under Sugar Development Fund, subject to meeting certain criteria. The application of SSL for restructuring was approved by a Committee of IFCI at the meeting held on 11.09.2023 subject to certain conditions precedent to be complied with, by SSL within 15 days and if the same is not complied with, the application would revert to the Committee for reconsideration. SSL has sought for extension of time to comply with the conditions and in the circumstance, the application will revert to the Committee for consideration. If restructuring in terms of the guideline is finally sanctioned, the outstanding will be reduced to ₹ 78.89 crore as against ₹ 107 crore.

In case of any adverse outcome on any of the applications before the Committee/ DRT for recovery of dues may have an impact on the financials of our promoter directors and in turn operations/ financial position of our Company.

4. One of our promoter Directors has furnished personal guarantee for loans availed by an associate company, which has defaulted in repayment of the loans. Any adverse action taken by the creditors could therefore have an impact on our promoter director.

One of our promoter directors, Dr. M. Manickam, has furnished Personal Guarantees for loans availed by one of our associate companies namely Sakthi Global Auto Holdings Ltd, U.K. (SAGH)

Aapico Hitech Public Company Limited, a Company incorporated in Thailand and Aapico Investment Pte Limited, a Company incorporated in Singapore have invoked Personal guarantee against Dr. M. Manickam before the Arbitration under the Arbitration Rules of The Singapore International Arbitration Centre, in respect of Personal Guarantee issued by Dr. M. Manickam under Deed of Personal guarantee dated October 1, 2018 for loan granted by Aapico Hitech Public Company Limited and Aapico Investment Pte Limited to ABT UK under Loan Agreements of 2017 and 2018 aggregating a sum of US$ 122.423 Million plus interest. (Application Ref: Arbitration No. 449 of 2019).

In the said Arbitration application, the Arbitration Tribunal has passed an award dated 21.12.2021 that Dr. M. Manickam is liable to pay sums as may remain outstanding under the Personal Guarantee after share charge proceeding before the High Court of England and Wales. The said proceedings were disposed of by the Court. The Arbitration Tribunal is yet to quantify the amount payable by Dr. M. Manickam.

Aapico has also filed Original Application No. 1100 of 2019 and 1148 of 2019 before the High Court of Madras seeking interim orders against Dr. M. Manickam to prevent Dr. M. Manickam from alienating his personal assets and for providing security. There is an injunction Order restraining Dr. M. Manickam from alienating his shareholding in companies.

AAPICO has secured an award dated 06.10.2021 in SIAC Arb. No. 326 of 2019 from SIAC Arbitration Tribunal against ABT Auto Investments Limited UK and Sakthi Auto Component Limited (SACL), *inter-alia,* to the effect that AAPICO is entitled to have control of Board of SACL proportionate to 77.04% shareholding. The Madras High Court has held that the Award is not enforceable. However, AAPICO has preferred an appeal before Division Bench of the High Court and same is pending.

All of the disputes have now been agreed to be settled through a Settlement Agreement dated 27th October 2023 and in terms thereof, it is agreed that a Special Purpose Vehicle namely, ABT Transports Private Limited, would purchase the 77.04% Shareholding held by SAGH in SACL by payment of USD 82 million to AAPICO. Out of the total settlement sum, USD 72 million is to be paid by 20th December 2023 and balance USD 10 million is to be paid in 8 installments over next four years. The time for payment of first instalment was extended till 31st December 2023 in terms of Amendment Agreement dated 21st December 2023 and the payment has since been made on 29th December 2023.

In view of the payment of the first instalment, all litigations between the parties are to be withdrawn and the SIAC monetary Award dated 21st December 2021 will alone survive for a reduced sum of USD 10 Million pending payment of the second instalment.

If the Settlement Agreement is not honoured then, the terms of the SIAC monetary Award for US$ 10 mn would get devolved on Dr. M. Manickam. This will have an impact on the financial position of Dr. M Manickam, his shareholding in SFL other Group companies and in turn will affect the operations and financial position of the Group companies, including our Company, of which he is a promoter director.
(For details, refer Section "***Legal and Other information***" on page 240)

5. One of our Promoter Directors has given a personal guarantee for loans availed by ABT (Madras) Private Limited, which has been admitted into CIRP by NCLT and the enforcement of personal guarantee may have adverse impact on the financials of the Promoter Director.

IBA/873 of 2019 has been filed before the National Company Law Tribunal (**"NCLT"**), Division Bench, Chennai under Section 7 of the Insolvency and Bankruptcy Code 2016 by Asset Reconstruction Company (India) Limited ("**ARCIL"**) for initiation of Corporate Insolvency Resolution Process against ABT (Madras) Private Limited on the ground that ABT (Madras) Private Limited has defaulted in repaying an amount of ₹ 507.97 crore. NCLT admitted the application and subsequently has passed an Order dated 03rd September 2021 sanctioning a Resolution Plan under which ABT (Madras) Private Limited was merged with Baashyaam Infrastructure Private Limited (BIPL). Dr. M. Manickam, one of the Promoter Directors, had given Personal guarantee for the borrowings initially from DHFL which was assigned to ARCIL. In terms of Clause 4.10 of the Resolution plan sanctioned by NCLT, this personal guarantee was assigned to Baashyaam Infrastructure Private Limited. In the event of the personal guarantee being invoked, it may have adverse impact on the financials of our Promoter Director and in turn operations/ financial position of our company.

6. One of our promoter Group companies has defaulted in payment of interest and principal dues to one of its creditors. Any adverse action taken/to be taken by the creditor could affect the financial position of our promoter and therefore that of the company.

The promoter directors of our Company are also Promoter Directors in Sri Chamundeswari Sugars Limited, one of the group companies, which has repaid the loan outstanding to the Banks and Financial Institutions. However, as at September 30, 2023, there are defaults to Sugar Development Fund (**"SDF"**) and Government of Karnataka Interest Free Purchase Tax Loans, the loans are secured, *inter alia*, by personal guarantees of the Promoter Directors of our Company.

The company has submitted restructuring proposal to SDF (IFCI as nodal agency) which is pending.

In the event of the restructuring proposal not being approved and if Sri Chamundeswari Sugars Limited, fails to clear the dues to the above lenders, the lenders might initiate legal course of action for recovery, which could have an impact on the financial position of the promoter directors and the Company.

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

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

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

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

For the year ended March 31, 2022, RBI in its report has observed certain non-compliance with the KYC norms by our Company such as categorization of our customers as low, medium and high risk categories and non-compliance with periodic updation of KYC for High risk customers and has issued a show cause notice in respect of levying of penalty under Section 58G(1)(b) read with section 58(B)(5)(aa) of the Reserve Bank of

lndia Act, 1934 (RBl Act). Our management has, during a personal hearing informed RBI about the compliance status and provided assurance to RBI that adequate measures would be put in place to ensure that there is no lapse in complying with the KYC norms as stipulated by RBI.

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

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

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. Our Company has taken all necessary measures to address, resolve or comply with the observations/ findings highlighted in the inspection reports for the Fiscal 2022, 2021 and 2020 issued by the RBI as part of its inspections, and has responded to and will respond to each such observation/finding indicated and further information sought therein, if any.

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

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

8. We have contingent liabilities; in the event these contingent liabilities materialize, our financial condition may be adversely affected.

For the period ended September 30, 2023 contingent liabilities, includes (i) ₹ 184.75 lakh towards Income Tax issues which are pending before the Assessing Officer of Income Tax, Coimbatore and (ii) ₹ 1,939.04 lakh towards Service Tax has been demanded by the Central Excise Authorities. (Above amounts are exclusive of payment made by our Company under protest).

The writ petition filed by our company before the Hon'ble High Court of Madras against the levy pertaining to Central Excise has been disposed of on November 9, 2020 and the Court has remanded the matter back to Customs, Excise and Service Tax Appellate Tribunal (**"CESTAT"**) Chennai for remedy. The company has deposited with the Department, an amount of ₹ 98.63 lakh against the demand relating to payment under protest. In the event that the stand/representation/legal action initiated by the Company is not favorable, these contingent liabilities will crystallize as actual liabilities. In view of this, our financial condition may be adversely affected.

Further, The Office of the Principal Commissioner of GST & Central Excise vide its order bearing no SL NO: 08-09/2022(ST)-PR.COMMR with DIN 20220959XM000924420 dated 28/09/22 passed an order and demanded from the Company an amount of ₹ 595.65 lakh under Section 73(2) of the Act towards the service tax short paid on Banking and Other financial Services during the period from 01/10/2014 to 30/06/2017. The order also demanded from the Company appropriate interest on aforesaid amount and imposed a penalty of ₹ 59.77 lakhs. Our Company has deposited an amount of ₹ 44.67 lakh as a pre-deposit of 7.5% of the disputed duty against the order of the Principal Commissioner of GST & Central Excise. The Company has filed an appeal before Customs, Excise and Service Tax Appellate Tribunal (**"CESTAT"**), Chennai under Section 86(1) of the Finance Act 1994. This appeal is now pending disposal before the CESTAT.

We shall not assure you that such contingent liabilities would not get crystalized in future. If these contingent liabilities crystalize, our financial position may be adversely affected.

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

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

We borrow funds on both fixed and floating interest rates. A majority of our liabilities, such as our secured / unsecured redeemable non-convertible debentures, subordinated debt, fixed deposits and term loan from financial institutions carry fixed rates of interest and the remaining borrowings from banks are linked to the respective bank's benchmark Marginal Cost based Lending Rate / Base Rates. As on September 30, 2023 around 90% of our total borrowings were at fixed rates of interest. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates and in amounts and for periods which may differ from our funding sources. Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase correspondingly with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely affected.

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

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

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

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

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

Further RBI, by its Master Direction DNBR.PD.002/03.10.119/2016-17 dated August 25, 2016 (updated as on October 10, 2023) issued certain guidelines about the limit for acceptance of deposits across the sector, restricting it to 1.50 times of Net Owned Fund ("**NoF**") and also with minimum investment grade credit rating from the credit rating agencies. As on September 30, 2023, our Company has public deposit amounting to ₹ 2,851.38 lakh (principal outstanding), being 0.16 times of NoF (₹ 17,291.63 lakh), which is well within the stipulations of RBI restrictions. Our Fixed Deposits are rated as ICRA BBB (Stable) long term instrument, as rated by ICRA Limited.

During the inspection for FY 2019-2020, RBI in its supervisory inspection report has observed that certain amount of subordinated debt issued on private placement basis, would not be falling within the category of

subordinated debt and treated them as Public deposits. On account of such reckoning, RBI indicated that the ratio of public deposit to NOF threshold of 1.50 times was breached. In the reply to the above observation, our company has reiterated the fact that the sub-ordinated debt issued by the Company had complied with the characteristics of subordinated debts as prescribed by RBI and also indicated that the company has stopped issuing fresh sub-ordinated debt instruments.

As a result of the above directions of RBI, our Company will have to depend on other sources which could be more expensive, onerous and difficult to source. This might have an impact on the cost of funds and profitability.

We therefore, are unable to assure you that we will be in a position to raise sub-ordinated debt in future and such restrictions may impact our capital adequacy ratio in future.

Further, RBI vide its notification dated November 16, 2023 has put in place stringent measures to increase risk weight of loans granted by the Commercial Banks to NBFCs by 25 percentage points over and above the risk weight associated with the given external rating in all cases where the extant risk weight as per in all cases where the extant risk weight as per external rating of NBFCs is below 100%.

Economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access Changes in funds at competitive rates. As an NBFC, we also face certain restrictions on our ability to raise money from international markets which may further limit our ability to raise funds at attractive rates. Any disruption in our primary funding sources at competitive rates would have a material adverse effect on our liquidity and financial condition.

11. If we are unable to control or reduce the level of Stage 3 Assets (NPAs) in our loan assets portfolio, our financial position, results of operations and cash flows may suffer.

As a NBFC, we are regulated by the RBI and are required to adhere to the prudential norms on income recognition, asset classification and provisioning ("IRACP") notified by the RBI from time to time, in addition to the Ind AS accounting and provisioning requirements applicable to our Company in the ordinary course. For instance, on November 12, 2021, the RBI issued a circular titled "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications" ("November 12 Circular") with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The November 12 Circular, inter-alia, requires borrower accounts to be flagged as overdue by lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as special mention accounts ("SMA") as well as NPA is required to be undertaken as part of day-end processes for the relevant date, such that the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. The November 12 Circular clarifies that the SMA classification requirement for borrower accounts is applicable to all loans, including retail loans, irrespective of size of exposure of the lending institution. Further, the November 12 Circular provides that accounts classified as NPAs may be upgraded to 'standard' only if the entire arrears of interest and principal are paid by the borrower, as opposed to such upgradation being undertaken upon payment of only interest overdues.

On December 14, 2021, the RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("PCA Framework Circular") to enable supervisory intervention and implement remedial measures of NBFCs, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net Stage 3 Assets (Net NPA) Ratio. Pursuant to the PCA Framework Circular, the PCA framework for NBFCs has come into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.

Our Gross Stage 3 assets (i.e. Gross NPAs) as a percentage of total loan assets were 5.73%, 5.85%, 5.18%, and 4.95% as at September 30, 2023, March 31, 2023, March 31, 2022, and March 31, 2021 respectively, while our net Stage 3 Assets (i.e. Net NPAs) as a percentage of loan assets were 2.97%, 2.99% 2.14%, and 2.30%, as at September 30, 2023, March 31, 2023, March 31, 2022, and March 31, 2021, respectively. (Source: RBI Returns, Annual Reports and LRR for September 30, 2023).

We cannot assure you that in the future, we will be able to maintain the thresholds prescribed by the RBI under the PCA Framework Circular including on account of certain factors beyond our control, which could have an adverse effect on our business, financial condition and results of operations.

Further, we are required to adhere to provisioning requirements and our provision coverage ratio, which comprises ECL provision for Stage 3 Assets divided by the gross amount of Stage 3 Assets was 75.2%, 74.2%, 75.9% and 64.9%, respectively. As our loan portfolio grows, our Stage 3 Assets may increase and the current level of our provisions may not adequately cover any such increases. If future regulations require us to increase our provisions for any reason, our profits may be adversely affected.

Further, our ability to raise additional capital and debt financing as well as our results of operations, cash flows and financial condition could be adversely affected as a result thereof. The amount of our reported Stage 3 Assets may increase in the future due to the aforementioned factors and other factors beyond our control, and we cannot assure you that we will be able to effectively control or reduce the level of the impaired loans in our total AUM.

If we are unable to manage our Stage 3 Assets or adequately recover our loans, our business, financial condition and results of operations will be adversely affected. In addition, our current loan loss provisions may not be adequate to cover an increase in the amount of Stage 3 Assets or any future deterioration in the overall credit quality of our total AUM. If the quality of our loan portfolio deteriorates, we may be required to increase our loan loss provisions.

If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our business, financial condition and results of operations.

Further, various factors that are beyond our control may cause a further increase in the level of Stage 3 Assets and have an adverse impact on the quality of our loan portfolio. These factors include macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, adverse developments in the Indian economy, movements in global commodity markets and exchange rates) regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations. If our Stage 3 Assets increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our results of operation and financial condition. There can be no assurance that the levels of Stage 3 Assets and losses will not increase in future or will remain at levels that will maintain our profitability, that the credit performance of our customers will be maintained, that our credit and our underwriting analysis, servicing and collection systems and controls will continue to be adequate. We may also not be successful in our efforts to improve collections and/ or foreclose on existing Stage 3 Assets. In addition, as our loan portfolio matures, we may experience greater defaults in principal and/ or interest repayments. Thus, if we are unable to control or reduce our level of Stage 3 Assets, the overall quality of our loan portfolio may deteriorate, and our results of operations and cash flows may be adversely affected. Moreover, there can be no assurance that there will be no deterioration in our provisioning coverage as a percentage of Stage 3 Assets or otherwise, or that the percentage of Stage 3 Assets that we will be able to recover will be similar to our past experience of recoveries of Stage 3 Assets. In the event of any further deterioration in our Stage 3 Asset portfolio, or if our provisions are insufficient to cover our existing or future levels of Stage 3 Assets, our ability to raise additional capital and debt funds as well as our results of operations, cash flows and financial condition could be adversely affected.

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

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

Our customer portfolio principally consists of SRTOs/MRTOs with underdeveloped banking habits generally are less financially resilient than larger corporate borrowers and as a result, they can be more adversely affected by declining economic conditions. The owners and/or operators of commercial vehicles financed by us often do not have any credit history supported by tax returns and other related documents which would enable us to assess their credit worthiness. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of

any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nation-wide credit bureau has become operational in India. Accordingly, there is less financial information available about the creditworthiness of individuals particularly, our client segment who are mainly from the low-income group and who typically have limited access to other financing sources. It is, therefore, difficult to carry out precise credit risk analysis on our clients. Although we follow certain procedures to evaluate the credit profile of our customers at the time of sanctioning a loan, we generally rely on the referrals from the local trucking community/existing customers and value of the commercial vehicle provided as underlying collateral rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management mechanisms and controls measures are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly of borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations, financial condition and/or cash flows.

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

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

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

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

15. Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire.

As at September 30, 2023 we had a total outstanding debt of ₹ 1,13,698.42 lakh, (including Redeemable Cumulative Preference Shares which are treated as debt as per Ind AS) and we will continue to incur additional indebtedness in future. Most of our borrowings are secured by our immovables, hire purchase receivables and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements; our ability to obtain additional financing in future at reasonable terms may be

restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;

- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness are at variable interest rates;
- there could be a material adverse effect on our business, financial condition, results of operations and/or cash flows, if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic down-turn, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Moreover, some of our borrowings may be recalled by our lenders at any time. If any of these lenders recall their loans, our cash position, business and operations may be adversely affected.

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

Some of our financing agreements also include various conditions and covenants that require us to obtain lenders consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require and may be unable to obtain consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge and raising funds by way of any fresh capital issue etc. For further details on the restrictive covenants under the financing arrangement, refer Chapter titled "***Financial Indebtedness***" on page 171 of this Draft Prospectus.

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

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

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

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

We have been operating in vehicle financing segment through our branch network spread mainly across Southern region of India. At present, we originate around 95% of our business from the States of Tamil Nadu and Kerala and balance from other States namely, Karnataka, Andhra Pradesh and Union Territory of Puducherry. Further, we believe that there is still good potential and growth available in Southern region of India from our existing as well as new customers and intend to strategically expand our reach in target markets only. Our concentration in the Southern States exposes us to any adverse geological, ecological, economic

and/or political circumstances in this region as compared to other NBFCs that have a pan India presence. If there is a sustained down-turn in the economy of Southern India or a sustained change in consumer preferences in those regions, our business operations may be adversely affected.

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

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

20. Any downgrade of our credit ratings would increase borrowing costs and restrict our access to capital and lending markets and as a result, would adversely affect our net interest margin and our business.

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's assessment of our financial strength, operating performance, strategic position, and ability to meet our obligations. The following table sets out certain information with respect to our credit ratings:

Rating Agency	Instruments	Rating	Limit (₹ lakh)
ICRA Limited	Non-convertible debenture (Proposed)	[ICRA] BBB (Stable)	20,000
ICRA Limited	NCD (Listed and Unlisted)	[ICRA] BBB (Stable)	62,802
ICRA Limited	Fund Based Term Loan	[ICRA] BBB (Stable)	11,476
ICRA Limited	Fund Based Long Term Facilities from Banks - Cash Credit (CC)	[ICRA] BBB (Stable)	10,000
ICRA Limited	Fund Based Interchangeable (as a sub limit of Cash Credit)	[ICRA] BBB (Stable) / [ICRA] A2	(4,788)
ICRA Limited	Short Term Facilities from Banks – WCDL	[ICRA] A2	10,000
ICRA Limited	Fixed Deposits	[ICRA] BBB (Stable)	-

21. A decline in our capital adequacy ratio could restrict our future business growth.

We have demonstrated stable growth in our business and in our profitability. Our assets under management have increased from ₹ 1,12,986.46 lakh as at March 31, 2021 to ₹ 1,25,021.17 lakh (Gross AUM) as at September 30, 2023. Pursuant to RBI notification dated February 17, 2011 all deposit-taking NBFCs have to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II Capital, which shall not be less than 15% of its aggregate risk weighted assets of on-balance sheet and risk adjusted value of off-balance sheet items w.e.f. March 31, 2012. Further, all NBFCs-ML, shall maintain a minimum Tier I Capital of 10%. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 17.26%, 19.68%, 21.66%, and 22.52% as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 with Tier I Capital at 13.40%, 13.99%, 13.74% and 13.05% respectively.

If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to our business.

There can be no assurance that we will be able to raise adequate additional capital in future on terms favorable to us or at all, and this may adversely affect the growth of our business.

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

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

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

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

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

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

Our Company relies on a cloud computing software pursuant to which the relevant applications and systems, are hosted with a third party service provider, who operates a data centre. The data centre may be susceptible to, *inter-alia*, regional costs of power, power shortages, planned or unplanned power outages and limitations on the availability of adequate power resources. Power outages, including, but not limited to those relating to large storms, earthquakes, fires and floods, could harm our customers and our businesses. Although we leverage our technology initiatives for periodic, often fortnightly, upgrades of assisted mobile applications

with the goal of ensuring a 24 hour uptime, any disruption in the operation of our cloud computing software and data centres could negatively impact our business results of operations and financial condition. Our applications are hosted in reputed data centers who adhere the requisite norms, standards and facilities of protecting our applications and data with an uptime commitment of 99.99%. We also have the Disaster Recovery (**"DR"**) setup in another data center. Data centers also have the arrangement to store the replica in another data center with different seismic zone. Hence, the possibilities of facing system downtime etc., are highly remote.

25. Our business processes a large amount of data, including personal data, and the improper collection, hosting, use or disclosure of data could harm our reputation and have an adverse effect on our business, financial condition, results of operations and cash flows.

Our business processes a large quantity of personal data (with our users' consent) and analyses this data to generate user and user group profiles. We face risks inherent in handling and protecting a large volume of data, especially user data. In particular, we may face several challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage, fraudulent behaviour or improper use by our employees;
- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived data sharing and other factors that may arise from our existing businesses or new businesses and new technology; and
- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects.

The improper collection, use or disclosure of our user data could result in a loss of customers, business, partner financial institutions and other potential participants, loss of confidence or trust, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have an adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, we share a limited amount of user data with third-party service providers/regulatory and statutory authorities in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. We also rely on certain third-party service providers/ regulatory and statutory authorities in relation to the sourcing of data for potential customers. During the course of providing such services, customer data may be accessed. If such third-party service providers/ regulatory and statutory authorities engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our systems, including by improper disclosure or use of user data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to user complaints and suffer reputational harm, even if the actions or activities are not related to, attributable to or caused by us, or within our control. While no regulatory or legal action has been taken against us in relation to such instances in the past, we cannot assure you that we will not be subject to any regulatory or legal action for such instances in the future.

Our internal environment is well protected against the third parties to peep-in and access the personal data of our customers and employees. We provide the relevant personal data to only authorized external agencies like RBI, Credit Bureaus as per statutory norms. Masking of some vital data are being done in the system even to avoid access by the related internal/external stake holders. Suitable security measures are taken for protecting our environment against the outsourced vendors and they are also bound to adhere the norms as per the service agreements formalized with them. We have initiated taking suitable measures as prescribed by the Digital Personal Data Protection (**"DPDP"**)

26. Our statutory auditors and previous statutory auditors have included certain emphasis of matters and other observations in their audit reports relating to the Audited Financial Statements of our Company

Our Statutory Auditor and previous statutory auditor have included certain emphasis of matters and other observations in their audit report in relation to the Audited Financial Statements.

For the Fiscal 2021, our previous statutory auditors have included the following emphasis of matter explaining the impact of the COVID 19 pandemic and management's assessment of the probable material impact on 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 previous statutory auditors have not modified their opinion in this regard.

For the Fiscal 2022, our statutory auditors have included the following emphasis of matter explaining the impact of the COVID 19 pandemic and management's assessment of the probable material impact on 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 previous statutory auditors have not modified their opinion in this regard.

There can be no assurance that our statutory auditors will not include further emphasis of matters or other similar remarks in the audit reports to our Audited Financial Statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the emphasis of matters and other observation in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis of matters or any other observations in the auditors' report on our Audited Financial Statements in future may also adversely affect the trading price of the NCDs.

27. We may face asset-liability mismatch which could affect our liquidity and consequently may affect our operations, profitability and/or cash flows.

We face potential liquidity risks due to varying periods over which our assets and liabilities mature. As it is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit and short-term loans. However, a large portion of our loan assets mature over a medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn, may adversely affect our operations, financial performance and/or cash flows. Further mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

28. We have had negative net cash flows in the past and may have negative cash flows in future.

The following table sets out our cash flow for the years indicated:

(₹ lakh)

For the period / Year ended Particulars	30.09.23	31.03.2023	31.03.2022	31.03.2021
Net cash from / (used in) Operating activities	(2,731.04)	(162.87)	210.56	639.40
Net cash from / (used in) Investing activities	(352.42)	2,031.95	(659.94)	174.46
Net cash from / (used in) Financing activities	2,181.58	(315.80)	534.78	(562.54)
Cash and cash equivalents at the beginning of the period/ year	3,002.79	1,449.51	1,364.11	1,112.79
Cash and cash equivalents at the end of the period/ year	2,100.91	3,002.79	1,449.51	1,364.11

Source: Annual Reports filed with BSE and the LRR for period ended September 30, 2023)

For further details, please see "***Financial Statement"*** on page 308 of this Draft Prospectus. We are not in a position to assure you that our net cash flows will be positive in future.

29. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our peers in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be of a totally different nature than the past or greater than the historical measures adopted. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not, in all cases, be accurate, complete, current or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and

procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and vehicle finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will be able to successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

30. We may not be able to appropriately or fully assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.

In deciding whether to extend credit or enter into other transaction with customers, we rely on the information furnished to us by or on behalf of our customers. We may not, in certain instances, receive information regarding any change in the financial condition of our customers, or in certain cases our customers may provide inaccurate or incomplete information to us for whatever reason on their part. The lack of availability of information in connection with our customers may make it difficult for us to take an informed decision with regard to providing financial facilities to such persons and the attendant risk exposure in this regard. This may enhance the likelihood of an increase in the level of NPAs, which would adversely affect our operations and profitability.

31. We are dependent on the expertise of our senior management team and our key technical and managerial personnel.

We are dependent on our senior management team for setting our strategic direction and managing our business, both of which are crucial to our success. Given the substantial experience of our senior management team, if any or all of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements in a timely manner or at all. Our ability to retain experienced personnel as well as senior management will also, in part, depend on us maintaining appropriate staff remuneration and associated benefits. We cannot be sure that the remuneration and benefits we have in place will be sufficient to retain the services of our senior management and skilled people. The loss of any of the members of our senior management or other key personnel may adversely affect our business, financial condition and results of operations.

32. Our promoters and promoter group owns 67.02% of our equity share capital and accordingly has the ability to exercise significant influence over the outcome of matters submitted to shareholders for approval and their interests may differ from those of other holders of Equity Shares.

As at September 30, 2023, our promoters and promoter group own in aggregate 67.02% of our equity share capital. So long as the promoters and promoter group hold a majority of our Company's Equity Shares, they will be able to control most of the matters affecting our Company, including the appointment and removal of directors, business strategy and policies, any determinations with respect to mergers, business combinations and acquisitions, dividend payout and financing. Further, the extent of promoters and promoter group shareholding may result in delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the Company.

33. Some of our Directors and Key Management Personnel may have business interests in our Company other than reimbursement of expenses incurred and normal remuneration or benefits.

Some of our Directors and Key Management Personnel may be regarded as having business interests in our Company other than reimbursement of expenses incurred, normal remuneration or benefits. Some of our Directors may be deemed to be interested to the extent of Equity Shares/NCDS held by them, as well as to the extent of any dividends, interest, bonuses or other distributions on such investments. We cannot assure you that our Directors and our Key Management Personnel will exercise their rights as shareholders to the benefit and best interests of our Company. For further details, please refer Chapters titled "***Capital Structure"*** and "***Our Management***" on pages 54 and 147 respectively of this Draft Prospectus.

34. Our Company has entered into related party transactions. Any transaction with related parties may involve conflict of interest.

Our Company has entered into certain transactions with promoters, promoter group companies / entities and directors. While we believe that all our related party transactions are on arm's length basis only, we cannot assure that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that our Company may enter into related party transactions in future. Any future transactions with our related parties could potentially involve conflict of interest.

For details regarding the related party transactions, for the Half year ended / as at September 30, 2023 please refer to page 154 of this Draft Prospectus.

35. One of our Group Companies has incurred losses in the recent past.

One of our major Group Companies has incurred losses in two of the last three fiscals as indicated below:

(₹ lakh)

Name of Group Company	Details of Profit / (Loss)		
	FY 2023	FY2022	FY 2021
Sakthi Sugars Limited	41,729.85	(15,032.48)	(11,720.92)

(Source: Annual reports of respective fiscals filed with the Stock Exchanges by Sakthi Sugars Limited).

There can be no assurance that this or any of our other Group Companies will not incur losses in future years or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.

36. Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.

We require certain statutory and/or regulatory permits and approvals for our business. From time to time, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals, if any, in a timely manner or at all, and/or on favorable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

37. We may have to comply with strict regulations and guidelines issued by regulatory authorities in India particularly rules and regulations prescribed by the RBI as a deposit-taking NBFC and any changes in rules and regulations governing us could adversely affect our business.

We are principally governed by the RBI's rules and regulations on financial sector. We are also subject to corporate, taxation and other laws in India. The RBI's guidelines on financial regulation of NBFCs regulate, *inter alia*, capital adequacy, exposure and other prudential norms, KYC guidelines and client data confidentiality. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, securitization, investments, ethical issues, money laundering and privacy. In some cases, there are overlapping regulations and enforcement agencies. Further, the RBI, from time to time, amends the regulatory framework governing NBFCs to address, *inter alia*, concerns arising from certain divergent regulatory requirements for banks and NBFCs.

Further, compliance with many of the regulations applicable to our operations in India including any restrictions on investments, lending and other activities currently being carried out by our Company, involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected.

We are also subject to changes in Indian laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the Indian financial services sector will not change in future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

38. Our ability to borrow from various banks may be restricted on account of guidelines issued by the RBI in relation to restrictions on banks in relation to their exposure to NBFCs. Any limitation on our ability to borrow from such banks may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

This limits the exposure that banks may have on NBFCs such as ours, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition. As per the circular issued by RBI on Scale Based Regulation, the exposure (both lending and investment, including off-balance sheet exposures) of the NBFC exposure to an individual should not exceed 25% of the Tier I Capital as per its last audited balance sheet and for Group, it shall not exceed 40% of the Tier I Capital funds. This limits the exposure that banks may have on NBFCs such as ours, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition. In the event of any adverse impact on our Tier 1 capital, we may not be able to meet the above norms which might have an impact on our performance and operations.

39. Our insurance coverage may not adequately protect us against all potential losses to which we may be subject. Any liability in excess of our insurance claim could have a material adverse effect on our results of operations and financial position.

We maintain such insurance coverage that we believe is adequate for our operations. We maintain insurance cover for our tangible properties and infrastructure at all owned and leased premises, which provide insurance cover against loss or damage by fire, earthquake, electrical and machinery break-down. Further, we maintain insurance cover for cash in safe and cash in transit policy which provides insurance cover against loss or damage by theft, burglary, house breaking etc.

Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, however, assure that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

40. The land on which our registered office is built is on lease basis and not owned by us.

The land on which our registered office is built was acquired by our Company on lease basis from Sri M. Srinivaasan, Director of our Company in terms of a lease agreement executed and is valid till March 31, 2024.

If the owner of the land, in future, does not renew the above lease agreement on terms and conditions acceptable to us, we may suffer a disruption in administration, till we identify and shift to another location, which could adversely affect our business, financial condition and results of operations.

41. We do not own majority of our branch premises. Any termination of arrangements for lease of our branches or our failure to renew them in a favorable, timely manner, or at all, could adversely affect our business and results of operations.

Except for 2 branch offices (out of total of 53 branches), which are located in owned premises, all our branches and customer service points are located on leased premises that we occupy pursuant to lease agreements/ premise sharing agreements. If any of the owners of these premises do not renew the agreement under which we occupy the premises or if any of the owners seek to renew an agreement on terms and conditions unfavorable to us, we may suffer disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

Further, some of our lease agreements with our Lessors may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered as

inadmissible as evidence in a Court in India, may not be authenticated by any public officer, or attract penalty as prescribed under applicable law, which impact our ability to enforce these agreements effectively, which may result in a material adverse effect on the continuance of the operations and business of our Company.

42. Non-obtaining of certain renewals/ licenses for operation of our owned/ leased offices.

While we have obtained significant number of approvals/ licenses, registrations and permits from the relevant authorities, we are yet to receive or apply for few approvals/ licenses/ registrations and permits. We cannot assure you that we will receive these approvals and clearances in time. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period. Any delay/non-receipt would adversely affect our related operations. Furthermore, under such circumstances the relevant authorities may restrain our operations, impose penalty/ fine or initiate legal actions for our inability to comply with such renewals and/ or approvals.

43. Our results of operations could be adversely affected by any disputes with our employees.

As on December 31, 2023, we have 536 employees on our rolls. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

44. Our ability to pay dividends in future will depend on our earnings, financial condition, cash flows, capital adequacy requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our ability to pay dividends in future will depend on our earnings, financial condition, cash flows, capital adequacy requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and subsequent approval of shareholders and will depend on factors that our Board of Directors and shareholders deem relevant, including among others, our future earnings, financial condition, cash flows, capital adequacy requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares.

Further, the Guidelines on Declaration of Dividend issued by the RBI in June 2021, is approved as a regulatory requirement, which stipulate certain covenants for declaration of dividend by NBFCs such as minimum CRAR, maximum Net NPA level, maximum leverage ratio etc., which we may not be able to comply with.

We cannot assure that we will be able to pay dividends at any point in future. For details of dividend paid by our Company in the past, please see Chapter titled ***"Other Regulatory and Statutory Disclosures"*** on page 250 of this Draft Prospectus.

45. Our Company, our Promoter and some of our Group Companies have availed or may avail certain loans that are recallable by lenders, at any time, which may affect our Company's reputation.

Our Company, our Promoter and some of our Group Companies have availed or may avail loans that are repayable on demand at any time by the relevant lenders. Any such unexpected demand for immediate repayment may have a material adverse effect on the business, cash flows and financial condition of the entity from which repayment is sought.

46. The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnership firms (including LLPs) and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us either in the resolution process or in liquidation process. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

As per the latest amendments to the IBC, the creditors to NBFCs can refer, any NBFC under the code, to initiate insolvency proceedings. In case provisions of the Bankruptcy Code are invoked against us by our creditors, it may affect our Company's operations and functions.

47. Our Company may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation or both.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our Company, in the course of its operations, runs the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers despite putting in place systems and controls customary in India to prevent the occurrence of these risks. Although our Company believes that it has adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that our Company will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties. Our Company, in certain of its activities and in pursuit of its business, runs the risk of inadvertently offering its financial products and services ignoring customer suitability and appropriateness despite having a KYC and Anti-Money Laundering measures and associated processes in place. Such incidents may adversely affect our Company's business and reputation.

48. We rely on third-party service providers for some of our activities / services who may not perform their obligations satisfactorily or in full compliance with law.

We enter into outsourcing arrangements with third party vendors for a number of services required by us. These vendors provide services, which include, among others, software services and client sourcing. Though adequate due diligence is conducted before finalizing such outsourcing arrangements, we cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. We may also suffer from reputational and legal risks if our third-party service providers act unethically or unlawfully or misrepresent or mis-sell our products and services, which could materially and adversely affect our business, financial condition and results of operations.

As part of its lending business, our Company will rely on third party sources for certain information, such as "Aadhaar" or unique identification number, of loan applicants based on which the data analytics software will be able to process the information. For instance, the applicant's details will be sourced from various websites, payment bureau and third-party vendors and settlement of funds will be facilitated by payment processing systems by linking the data analytics software to such websites. Some of these third-party data sources are currently, and may, in the future, be vulnerable to data privacy violation claims. If these claims are established and these data sources are no longer available to us, we will have to find alternate sources for such data which may increase our operational costs and adversely affect our results of operations. These third-party data sources are also susceptible to operational and technology vulnerabilities and are also exposed to changes in regulations, which may impact our business. In addition, these third-party data sources may rely on other parties (sub-contractors), to provide services to us which also face similar risks. For example, external content providers provide us with financial information, market news, quotes, research reports and other fundamental data that we offer to clients.

49. If we fail to identify, monitor and manage risks and effectively implement our risk mitigation mechanisms, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing.

The effectiveness of our risk management is dependent on formulating the proper policy and compliance to the same. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, please see "**Our *Business***" on page 125.

Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

Our interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the achievement of business targets including maximizing collection and controlling expenditure .If our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

If we fail to effectively implement our risk management policies, we could materially and adversely affect our business, financial condition, results of operations and cash flows.

50. Negative publicity could damage our reputation and adversely impact our business and financial results. Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the industry in general and lead to a reduction in business. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

51. This Draft Prospectus includes certain unaudited financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited and judicious.

This Draft Prospectus includes certain unaudited financial information in relation to our Company, for the Six months ended September 30, 2023 (as per Ind AS) in respect of which the Statutory Auditors of our Company have issued their Limited Review Report dated November 08, 2023 along with the Independent Auditors Report for financial statements for the last 3 (Three) financial years, forming part of our Annual Reports for respective years.

As this financial information has been subject only to limited review as required by Regulation 33 of the Listing Regulations and as described in Standard on Review Engagements (**SRE**) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the quarter / six months period ended September 30, 2023, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Draft Prospectus.

52. If we are unable to recover the amounts either fully or partly or on time, due from customers to whom we have provided unsecured loans it could adversely affect our operations and profitability.

Our loan portfolio includes unsecured loans to our customers. Since loans to these customers are unsecured, upon the occurrence of an event of default, our ability to realise the amounts due would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision for us. Any failure to repay such loans could have an adverse effect on our financial condition, results of operations and cash flows.

53. This Draft Prospectus contains certain Non-GAAP measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the industry.

This Draft Prospectus includes certain Non-GAAP measures, including Net Worth and Return on Net Worth, which are in a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Ind AS. We consider these Non-GAAP measures useful in evaluating our business and financial performances. However, these Non-GAAP measures are not alternatives to any measure of performance or liquidity or as an indicator of our operating performance or liquidity. They should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS.

There are no standard methodologies in the industries for computing such measures and those Non-GAAP measures we included in this Draft Prospectus may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

54. Our company is a High Value Debt Listed Company ("HVDLC") as per SEBI LODR 2015 and is required to comply with Corporate Governance Norms prescribed from time to time by the Regulator

As our Company is an HVDLC, we are mandatorily required to comply with regulatory requirement in respect of corporate governance norms for such entities. Failure to comply with, would entail penalties.

We have taken steps to comply with the mandatory requirements. We cannot assure you that we would be able to comply with the regulatory requirement in future. Lapse, if any, in compliance by our Company could lead to payment of penalties, which may have an adverse impact on our financial position.

55. The objects of the issue are not for any specified projects.

The proceeds of this issue will be used by the Issuer in accordance with applicable laws and not for any specified projects. For further details, see "Objects of the Issue" on page 70 of this Draft Prospectus.

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment of interest and principal of existing borrowings of the Company and general corporate purposes, subject to applicable statutory and/or regulatory requirements (in particular, not more than 25% of our net proceeds being utilized for general corporate purposes). For further details, see "Objects of the Issue" on page 70 of this Draft Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the

Issue. The utilisation details of the proceeds of the Issue shall be adequately disclosed as per applicable law. As per applicable law, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the issue.

56. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, the Debenture Holders holding NCDs will rank pari passu with other secured creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding NCDs will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

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

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

58. Security on our NCDs may rank pari passu with our Company's secured indebtedness in the future.

Substantially, all of our Company's current assets represented by the receivables are being used to secure our Company's debt. As of September 30, 2023, our Company's secured borrowings was ₹ 666.66 crore. While the security on our NCDs is exclusive as of the date of this Draft Prospectus, the terms of the NCDs do not prevent our Company from incurring additional debt subject to maintenance of minimum-security cover.

59. If we fail to integrate our artificial intelligence capabilities in our operations, it could adversely affect our business growth and results of operations.

We are actively undertaking various initiatives to employ the use of artificial intelligence (**"AI"**) in our operations, which we believe would help build predictive models across credit, sales, collections and risk functions. Nevertheless, we may face technical challenges that adversely affect our ability to integrate such AI capabilities in our operations. Further, we may face operational difficulties if our AI capabilities malfunction. Failure to develop and integrate AI capabilities into our operations could create operational difficulties and have an adverse effect on our business growth and results of operations.

60. Some of the information disclosed in this Draft Prospectus is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may turn out to be different. Investors should not place undue reliance on or base their investment decision on this information.

The information disclosed in the section **"Industry Overview"** on page 97 is based on various sources like "RBI Report on Trends and Developments in Banking (released in December 2023), Statistical reports released by the Government of India, World Bank/ IMF and other industry reports as specifically stated in an "as is where is basis, which has not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been reclassified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also appeared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and

assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

61. We are dependent on government institutions and agencies to register our collateral/ charges. Our inability to register the collaterals for the loans we disburse or create a charge on the assets we finance could adversely affect our business and results of operations.

As an NBFC-ML (Investment and Credit Company), creation of charge on assets that we finance is critical for our operations. For vehicles that we finance, the Road Transport Authority ("RTO") is the institution we rely on. In a number of locations at RTOs across India, the processes are yet to be digitized. Similarly, in the Loan Against Property, we are dependent on the relevant sub-registrar's office to register the property and create a charge on the property. Processes at such sub-registrar's offices are manual and property documentation is yet to be digitized. Further, we are also required to register any charges created with the Central Registry of Securitization Asset Reconstruction and Security Interest of India. If customers whose vehicles and properties are yet to be registered, default on their obligations, we face a risk of loan losses and our business, financial condition, results of operations and cash flows could be adversely affected.

Risks relating to the utilization of Issue proceeds

1. We have not entered into any definitive agreement to utilise any or substantial portion of the net proceeds of the Issue. Further the fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds for the purposes described in Chapter titled **"*Objects of the Issue*"** on page 70 of the Draft Prospectus. Our management will have broad discretion to use the net proceeds and the investor will be relying on the judgment of our management regarding the application of these net proceeds. Our funding requirements are based on current conditions and are subject to change in the light of changes in external circumstances or in our financial conditions, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest-earning liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

Further, the fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

Risks relating to the NCDs

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

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been actually issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuance of NCDs to be submitted and carrying out of necessary procedures with the Stock Exchange. There could be a failure or delay in listing the NCDs on the Stock Exchange. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchange, our Company will immediately repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Prospectus. Any failure or delay in obtaining the approval would restrict an investor's ability to trade in the NCDs. There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchange in a timely manner, or at all.

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

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices

of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, credit rating of the issuer, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

3. Investors may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delays to recover the expected value from a sale or disposition of some of the assets charged as security in connection with the NCDs could expose the holders to a potential loss

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, *inter alia*, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure100% asset cover for the NCDs, which shall be free from any encumbrances, the realizable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. Any failure or delay to recover the expected value from a sale or disposal of the assets charged as security in connection with the NCDs could expose Investors to a potential loss.

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

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

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

The NCDs proposed to be issued by our Company have been rated by ICRA Limited ("**ICRA**"). ICRA has, *vide* its letter dated January 10, 2024 and press release dated January 12, 2024 assigned a rating of **"[ICRA] BBB (Stable)**" for an amount up to ₹ 20,000 lakh for the NCDs along with the rationale . The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. Any downgrade of our credit ratings would increase borrowing costs and restrict our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business.

The ratings provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to ***Annexure C*** on page 310 for the rationale for the above rating.

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

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

affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which the NCDs are purchased and/or relatively illiquid.

7. There may be a delay in unblocking of funds to Applicants.

We cannot assure that the unblocking of funds in the ASBA account / UPI handles, on account of (a) withdrawal of applications, (b) our failure to receive minimum subscription in connection with the Issue, (c) withdrawal of the Issue, or (d) failure to obtain the final approval from the BSE for listing of the NCDs, will be unblocked in a timely manner. We, however, shall pay the interest due payable thereon as prescribed under applicable statutory and/or regulatory provisions for any delay in unblocking of funds of the applicants, where applicable.

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

Sale of NCDs by any holder may give rise to tax liability, as discussed in section entitled "Statement of Possible Tax Benefits" on page 73.

Legal investment considerations may restrict certain investment. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the NCDs are legal investments for it, (ii) the NCDs can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the NCDs**.**

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

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

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

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

11. The Issuer, being a listed company, is not required to maintain debenture redemption reserve ("DRR").

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

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

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

stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Application / UPI mechanism mandates accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts / Account linked to the UPI (for UPI applicants). It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

13. Repayment is subject to the credit risk of the Company

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed. On December 14, 2021, RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("PCA Framework Circular") to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC -NDs, on the basis of tracking certain indicators such as CRAR, Tier 1 Capital Ratio and Net NPA Ratio.

14. The Security may be insufficient to redeem the NCDs.

The NCDs to be issued pursuant to the Issue will be secured by creating a pari-passu charge over the Receivables of our Company, created in favour of the Debenture Trustee, to the extent of 1.00 times of the amount outstanding towards principal and interest payable on NCDs. In the event that our Company is unable to meet its payment and other obligations towards investors under the terms of the NCDs, the Debenture Trustee may enforce the Security in respect of the NCDs as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the NCDs will be subject to (i) the market value of the security, (ii) finding willing buyers for the security at a price sufficient to repay the amount payable to Debenture Holder(s)' under the NCDs. The value realized from the enforcement of the transaction security may be insufficient to redeem the NCDs. There may be fluctuations in the market values of the assets over which security has been provided by our Company, which could affect our Company's liquidity and reduce our Company's ability to enforce the security in terms of Security Documents, and consequently affect our Company's result of operations and financial condition. Our Company may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and our Company's assessments, assumptions or estimates may prove inaccurate.

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

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

EXTERNAL RISK FACTORS

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

Our business, to a large extent, depends on the continued growth in the automobile and transportation industry in India, which is influenced by a number of extraneous factors which are beyond our control, *inter alia*, including but not limited to (a) the macroeconomic environment in India, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies in connection with motor vehicles. Such factors may result in a change in the sales or value of new and pre-owned Commercial Vehicles **("CV")**. Correspondingly, the demand for availing finance for new and pre-owned commercial

vehicles may decline, which in turn may adversely affect our financial condition and the results of our operations. Further, the ability of CV owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the above factors.

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

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

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

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

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

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

4. Civil unrest, terrorist attacks and declaration of war would affect our business.

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the United States of America, the United Kingdom, Middle East, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced and continues to experience, social and civil unrest, terrorist attacks and hostilities from neighboring countries. Also, some of India's neighboring countries have experienced, or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the NCDs.

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

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

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

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

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

6. Trade deficits could adversely affect our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions In the nine (9) months of FY 2023-24 (April to November 2023), India experienced a trade deficit of US$ 61.44 bn as against US$ 100.38 bn (April - November 2023) {*Source: GoI Ministry of Commerce and Industry Press release dated December 15, 2023*}. If trade deficits increase or are no longer manageable, the Indian economy suffers, and therefore our business and our financial performance could be adversely affected.

7. Financial difficulty and other problems in certain financial institutions in India could adversely affect our business.

As an Indian NBFC, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence adversely affect our business. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

8. Companies operating in India are subject to a variety of Central and State Government taxes and levies. Any increase in tax rates could adversely affect our business and results of operations.

Tax and other levies imposed by the Central and State Governments in India that affect our tax liability include Central and State Taxes and other levies, Income Tax, GST, Stamp Duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the Central and State Tax Scheme in India is extensive and subject to change from time to time. The Statutory Corporate Income Tax in India, which includes a tax, an education cess on the tax and the surcharge, is currently 25.17%. The Central or State Government may in future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Any additional tax exposure could adversely affect our business and results of operations.

There can be no assurance that our Company will pay adequate stamp duty as levied in all states where our Company functions or pay any stamp duty altogether, which may result in additional duty being levied on our Company and our Company getting exposed to statutory liabilities, which may have an adverse impact.

9. Any decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totaled US$ 6,20,441 million as on December 22, 2023 (*Source: RBI Website as on December 29, 2023 accessed on January 03, 2024*) A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition.

10. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

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

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Application / UPI mechanism mandates accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts / Account linked to the UPI (for UPI applicants). It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchange.

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

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

SECTION III: INTRODUCTION

GENERAL INFORMATION

Sakthi Finance Limited

Our Company was originally incorporated as "The Pollachi Credit Society Private Limited" on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to Sakthi Finance Limited on July 27, 1967 and a fresh Certificate of Incorporation was obtained from Registrar of Companies, Madras. The CIN of our Company is L65910TZ1955PLC000145.

NBFC Registration

Our Company holds a certificate of registration dated April 17, 2007 (issued in lieu of earlier certificate dated May 08, 1998) bearing registration no. 07-00252 issued by the RBI to carry on the activities of an NBFC under Section 45-IA of the RBI Act as a "NBFC - Investment and Credit Company- Middle Layer". For further details regarding changes in the name and registered office of our Company, please refer, ***"History and other Corporate Matters"*** on page 143**.** For further details regarding the business of our Company, please refer, "***Our Business*** on page 125**.**

Registered and Corporate Office

62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641018, Tamil Nadu
Tel : +91 422 2231471- 474/4236200
Fax : +91 422 2231915
Email : sakthif_info@sakthifinance.com; investors@sakthifinance.com
Website : www.sakthifinance.com

Registrar of Companies

Our Company is registered with the Registrar of Companies, Tamil Nadu, Coimbatore, which is situated at the following address:

Registrar of Companies

No.7, AGT Business Park, First Floor, Phase II
Avinashi Road, Civil Aerodrome Post
Coimbatore- 641014, Tamil Nadu

Registration Details

Company Registration Number with RoC	000145
Corporate Identity Number	L65910TZ1955PLC000145
NBFC Registration Certificate Number under Section 45 IA of the RBI Act	07-00252
Legal Entity Identifier No ("LEI")	335800HQZOL79ZZAUE32
PAN	AADCS0656G
TAN	CMBS03160D
GST (TN)	33AADCS0656G1ZM

Contents of the Memorandum of Association of the Company as regards its objects

For information on the Company's main objects, please refer the Section titled "***History and Other Corporate Matters - Main Objects of our Company***" on page 145 of this Draft Prospectus. The Memorandum of Association of the Company is a material document for inspection in relation to the Issue. For further details, refer the Section titled "***Material Contracts and Documents for Inspection***" on page 304 of this Draft Prospectus.

Liability of the members of the Company

Liability of members is limited by shares.

Chief Financial Officer

The details of our Chief Financial Officer (**"CFO"**) is set out below:

Sri. Srinivasan Anand
Chief Financial Officer
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore - 641018, Tamil Nadu
Tel : +91 422 4236301
Email : sanand@sakthifinance.com

Chief Operating Officer

The details of our Chief Operating Officer (**"COO"**) is set out below:

Sri. K S Venkitasubramanian
Chief Operating Officer
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641 018, Tamil Nadu
Tel : +91 422 4236210
Email : venkitasubramanian@sakthifinance.com

Company Secretary and Compliance Officer

The details of the person appointed to act as Company Secretary and Compliance Officer for the purpose of this Issue are set out below:

Sri. C. Subramaniam
Company Secretary and Compliance Officer
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641 018, Tamil Nadu
Tel : +91 422 4236238
Email : csubramaniam@sakthifinance.com

Lead Manager to the Issue

Bonanza Portfolio Limited
Bonanza House, Plot No. M-2 Cama Industrial Estate
Walbhat Road, Behind The Hub
Goregaon (East), Mumbai - 400 063
Tel : + 91 022 68363773 / +91 011 61271909
Email : swati.agrawal@bonanzaonline.com; abhay.bansal@bonanzaonline.com
Website : www.bonanzaonline.com
Investor Grievance Email: mbgrievances@bonanzaonline.com
Contact Person: Ms. Swati Agrawal / Mr. Abhay Bansal
Compliance Officer (Merchant Banking): Ms. Swati Agrawal
SEBI Registration No: INM000012306
CIN: U65991DL1993PLC052280

Debenture Trustee

Catalyst Trusteeship Limited
"GDA House", Plot No 85, Bhusari Colony (Right),
Paud Road, Pune – 411 038
Tel **:** + 91 22 49220555
Fax **:** + 91 22 49220505
Email **:** ComplianceCTL-Mumbai@ctltrustee.com
Website : https://catalysttrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Contact person: Ms. Deesha Trivedi
Compliance Officer: Ms. Kalyani Pandey
SEBI Registration No: IND000000034
CIN: U74999PN1997PLC110262

Catalyst Trusteeship Limited has, pursuant to Regulation 8 of SEBI NCS Regulations, by its letter dated December 26, 2023, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. Please refer **"Annexure D"** of this Draft Prospectus.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders.

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park, 1st Floor, L.B.S. Marg
Vikhroli (West), Mumbai 400 083, Maharashtra
Tel : + 91 8108114949
Fax : + 91 022 49186060
Email : sakthifinance.ncd2023@linkintime.co.in
Website : www.linkintime.co.in
Investor Grievance Email: sakthifinance.ncd2023@linkintime.co.in
Compliance Officer: Mr. BN Ramakrishnan
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited has, by its letter dated December 26, 2023, given its consent for its appointment as the Registrar to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

Applicants or prospective investors may contact the Company Secretary and Chief Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of allotment advice, credit of allotted NCDs in beneficiary accounts, refund amounts, interest on the Application amounts, non-receipt of debenture certificates (where NCDs have been re-materialized) etc., as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Options of NCDs applied for, amount paid on application, Depository Participant name and client identification number and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement

number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the Member of the Consortium and the relevant Designated Branch of the SCSB concerned in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, Option applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted on-line through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the On-line Stock Exchange Mechanism or through Trading Members of the Stock Exchange may be addressed directly to the relevant Stock Exchange.

Statutory Auditors

M/s CSK Prabhu & Co
Chartered Accountants
F4, Fourth Floor, Srivari Kikani Centre
2, Krishnaswamy Mudaliar Road
Coimbatore - 641 002
Tel **:** +91 422 2552437
Website : www.cskprabhu.com
Contact Person: Mr. CSK Prabhu
Email **:** csk@cskprabhu.com
Firm Registration No: 002485S

(Date of Appointment as Statutory Auditors: September 30, 2021)

Legal Counsel to the Issue

M/s Ramani & Shankar
Advocates
154 Kalidas Road, Ramnagar
Coimbatore – 641 009
Contact Person: Mrs. V Bhuvaneshwari
Tel No **:** +91 422 2231955
Email **:** legal@ramaniandshankar.com

Lenders to our Company:

Banks	
Bank of India Coimbatore Main Branch "Star House", 324, Oppanakara Street Coimbatore – 641 001 **Tel** **:** +91 422 2380215 /2396272 **Email :** coimbatore.coimbatore@bankofindia.co.in	**Central Bank of India** Coimbatore Main Branch 14/15, Variety Hall Road Coimbatore - 641 001 **Tel** : +91 422 2398083 **Email :** bmcoim0908@centralbank.co.in
Indian Overseas Bank Large Corporate Branch No. 10 Kannusamy Street R S Puram, Coimbatore – 641 002 **Tel** **:** + 91 422 2544212 **Fax** **:** + 91 422 2544213 **Email :** iob2670@iob.in	**State Bank of India** Commercial Branch "Krishna Towers ", No 1087/ A-F, Avinashi Road, Coimbatore - 641 018 **Tel** **:** +91 422 2663302 **Fax** **:** +91 422 2663333 **Email :** sbi.07536@sbi.co.in

The Karnataka Bank Limited 52, Ground Floor, Oppanakkara Street Coimbatore – 641001 **Tel** : + 91 422 2398548 **Fax** : +91 422 2391025 **Email** : coimbatore@ktkbank.com	**The Karur Vysya Bank Limited** 439, Magnum Tower, Dr. Nanjappa Road, Coimbatore 641018 **Tel :** +91 9843284811 **Fax :** Not available. Email:merunshankar@kvbmail.com
Other Financial Institutions **Shriram Finance Limited** Sri Towers, Plot No. 14A, South Phase, Industrial Estate Guindy, Chennai, Tamil Nadu 600 032 **Tel :** +91 044 24990356 **Fax :** +91 044 27580176 **Email :** mahendra.r.@stfc.in	

Credit Rating Agency

ICRA Limited
Electric Mention, 3rd Floor, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025
Tel : +91 022 61143406
Fax : +91 022 24331390
Email : shivakumar@icraindia.com
Website: www.icra.in
Contact person: Mr. L Shivakumar
Compliance Officer: Mr. Dharmesh Ved
SEBI Registration No: IN/CRA/008/15

Credit Rating and Rationale

The NCDs proposed to be issued by our Company have been rated by ICRA Limited (**"ICRA"**). ICRA has, *by* its letter Ref. No. ICRA/Sakthi Finance Limited/10012024/1 dated January 10, 2024 and press release dated January 12, 2024 assigned a rating of "[ICRA] BBB (Stable)" for an amount not exceeding ₹ 20,000 lakh for the proposed NCDs. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Please refer to ***Annexure C*** of this Draft Prospectus for rationale for the above ratings.

Disclaimer Clause of ICRA Limited

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA, however, has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Bankers to the Issue

Public Issue Account Bank, Refund Bank and Sponsor Bank
HDFC Bank Limited
FIG OPS Department
Lodha, I Think Techno Campus O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai 400 042
Tel : + 91 022 30752927/28/14

Fax **:** + 91 022 25799801
Email **:** tushar.gavankar@hdfcbank.com; siddharth.jadhav@hdfcbank.com; sachin.gawade@hdfcbank.com; eric.bacha@hdfcbank.com
Website **:** www.hdfcbank.com
Contact Person: Mr. Tushar Gavankar/ Mr. Siddarth Jadhav/ Mr. Sachin Gawade/ Mr. Eric Bacha
SEBI Registration Number: INBI00000063
CIN: L65920MH1994PLC080618

Recovery Expense Fund

Our Company has already created a recovery expense fund in the manner as specified by SEBI in Master Circular for DT dated March 31, 2023 and as updated on July 06, 2023, as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilized by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Lead Broker(s) to the Issue

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available at http://www.sebi.gov.inor at such other website as may be prescribed by SEBI from time to time. The list of Self Certified Syndicate Banks under the direct ASBA is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=44.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the members of the Syndicate is available on the website of the SEBI **(**http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes**)** and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI www.sebi.gov.in and updated from time to time.

Impersonation

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

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for its securities; or

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

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

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

Underwriting

The Issue is not underwritten.

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size, prior to the Issue Closing date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 (Eight) working days, from the date of closure of the Issue or such time as may be specified by the Board. In case application money is not unblocked within such period, the company shall pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act 2013 read with Rule 11(2) to the Companies (Prospectus and Allotment of Securities) Rules 2014, if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with the Company and/or Registrar, refunds will be made to the account prescribed. However, where the Company and/or Registrar does not have the necessary information for making such refunds, the Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Utilization of Issue proceeds

Our Board of Directors/ Committee of Directors, as the case may be, will confirm that:

a. Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;

b. The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.

c. Details of all monies utilised out of the Issue referred above shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;

d. Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;

e. Our Company shall utilize the Issue proceeds only upon (i) receipt of minimum subscription, (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013 (iii) Receipt of the listing and trading approval from the Designated Stock Exchange and (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Draft Prospectus in the Chapter titled **"*Issue Structure*"**, beginning on Page 182;

f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property;

g. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continue to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and

h. The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

Issue Schedule

ISSUE PROGRAMME*	
ISSUE OPENS ON	[●]
ISSUE CLOSES ON*	[●]
PAY IN DATE	[●]
DEEMED DATE OF ALLOTMENT	[●]

* *The Issue shall remain open for subscription from 10:00 a.m. till 5:00 p.m. (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or NCD Issuance Committee thereof. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure or extended date of closure through advertisement/s in at least one leading national daily newspaper.*

*Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, **"IST") ("Bidding Period")** during the Issue Period as mentioned above by the Members of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated + CDP Locations or the RTAs at the Designated RTA Locations, and designated branches of SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their applications one day prior to the Issue Closing Date and in any case, not later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Application Forms will only be accepted on Working Days during the Issue Period.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on September 30, 2023 is set out below:

	Share capital	Amount *(₹ lakh)*
A	**Authorized share capital**	
	10,00,00,000 Equity Shares of ₹ 10 each	10,000.00
	30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00
	Total	**13,000.00**
B	**Issued, subscribed and paid-up share capital ***	
	6,47,05,882 Equity Shares of ₹ 10 each	6,470.59
	15,00,000, 8.25% Redeemable, Cumulative Preference Shares of ₹ 100 each	1,500.00
	Total	**7,970.59**
C	**Securities premium as at September 30, 2023**	**1,429.80**

** Pursuant to September 30, 2023; the Company has issued 8,70,150 9% Redeemable, Cumulative Preference Shares of ₹ 100 each aggregating ₹ 870.15 lakh.*

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

Notes to capital structure

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

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

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

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

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

   Dr. M Manickam

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

Sri M Balasubramaniam

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

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

Redeemable Cumulative Preference Shares are redeemable at par at the end of three (3) years

9% Redeemable Cumulative Preference Shares

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (₹)	Issue / (Redemption) price (₹)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (₹ lakh)	Cumulative Preference Shares Premium (₹ lakh)
March 1, 2021*	(8,35,000)	100	(100)	Cash	Private Placement	6,65,000	665.00	-
April 20, 2021*	(6,65,000)	100	(100)	Cash	Private Placement	-	-	-

** Fully redeemed*

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

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

9% Redeemable Cumulative Preference Shares

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (₹)	Issue / (Redemption) price (₹)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (₹ lakh)	Cumulative Preference Shares Premium (₹ lakh)
December 16, 2023	2,86,750	100	100	Cash	Private Placement	2,86,750	286.75	-
December 30, 2023	5,83,400	100	100	Cash	Private Placement	8,70,150	870.15	-

The Cumulative no of Preference Shares (8.25% and 9%) as at end of 3 years preceding the date of draft Prospectus is 23,70,150 (FV - ₹ 100 each).

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

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

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

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

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

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

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

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

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

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

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

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

12. **Summary Statement holding of specified securities as on December 31, 2023**

Sr No	Category of shareholder	Nos. of share - holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares under lying Deposi - tory Receipts	Total no of shares held	Shareholding as a % of total no. of shares (calcu-lated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Sharehold-ing, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialize form
								No of Voting rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
A	Promoter & Promoter Group	18	43363007	0	0	43363007	67.02	43363007	0	43363007	67.02	0	67.02	0	0.00	0	0	43363007
B	Public	9854	21342875	0	0	21342875	32.98	21342875	0	21342875	32.98	0	32.98	0	0.00	0	0	14986712
C	Non Promoter – Non Public																	
C1	Shares under lying DRs	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
C2	Shares held by Employees Trust	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
	Total (A+B+C)	**9872**	**64705882**	**0**	**0**	**64705882**	**100.00**	**64705882**	**0.00**	**64705882**	**100.00**	**0**	**100.00**	**11255882**	**17.40**	**0**	**0**	**58349719**

13. **Statement showing Shareholding pattern of the Promoter (P) and Promoter Group (PG) as on December 31, 2023**

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

Sl No	Category and name of shareholder	Entity type	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares under lying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+ C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Under lying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting rights			Total as a % of (A+B+ C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
									Class: Equity	Class: NA	Total								
(I)	(II)	(III)		(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Bodies Corporate																		
	Sakthi Finance Financial Services Limited	PG	1	12420000	0	0	12420000	19.19	12420000	0	12420000	19.19	0	19.19	0	0.00	0	0.00	12420000
	ABT Investments India Private Ltd	PG	1	8727400	0	0	8727400	13.49	8727400	0	8727400	13.49	0	13.49	0	0.00	0	0.00	8727400
	Sakthi Financial Services Cochin P Ltd	PG	1	7157128	0	0	7157128	11.06	7157128	0	7157128	11.06	0	11.06	0	0.00	0	0.00	7157128
	The Gounder And Company Auto Ltd	PG	1	3925000	0	0	3925000	6.07	3925000	0	3925000	6.07	0	6.07	0	0.00	0	0.00	3925000
	ABT Finance Limited	PG	1	3331162	0	0	3331162	5.15	3331162	0	3331162	5.15	0	5.15	0	0.00	0	0.00	3331162
	ABT Foundation Limited	PG	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	0	3.83	0	0.00	0	0.00	2475000
	Sakthi Realty Holdings Limited	PG	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	0	3.83	0	0.00	0	0.00	2475000
	Sakthi Sugars Ltd	PG	1	1040000	0	0	1040000	1.61	1040000	0	1040000	1.61	0	1.61	0	0.00	0	0.00	1040000
	ABT Industries Limited	PG	1	919926	0	0	919926	1.42	919926	0	919926	1.42	0	1.42	0	0.00	0	0.00	919926
	Sri Chamundeswari Sugars Ltd	PG	1	24000	0	0	24000	0.04	24000	0	24000	0.04	0	0.03	0	0.00	0	0.00	24000
	Sri Sakthi Textiles Ltd	PG	1	7000	0	0	7000	0.01	7000	0	7000	0.01	0	0.01	0	0.00	0	0.00	7000
	Sakthi Logistic Services Ltd	PG	1	5700	0	0	5700	0.00	5700	0	5700	0.01	0	0.01	0	0.00	0	0.00	5700
	M Mariammal	PG	1	36000	0	0	36000	0.06	36000	0	36000	0.06	0.00	0.06	0	0.00	0	0.00	36000
	N. Mahalingam	PG	1	276023	0	0	276023	0.43	276023	0	276023	0.43	0.00	0.43	0	0.00	0	0.00	276023
	Total A (a+b+c+d)		**18**	**43363007**	**0**	**0**	**43363007**	**67.02**	**43363007**	**0**	**43363007**	**67.02**	**0**	**67.02**	**0**	**0.00**	**0**	**0.00**	**43363007**

14. **Statement showing Shareholding pattern of the Public Shareholders as on December 31, 2023**

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

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

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

	Directors)																	
(c)	Key Managerial Personnel	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0.00
(d)	Relatives of promoters (other than ‘immediate relatives’ of promoters disclosed under ‘Promoter and Promoter Group’ category)	0	0	0	0	0	0.00	0	0	0	0..00	0	0.00	0	0.00	0	0.00	0.00
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	0	0	0	0	0	0.00	0	0	0	0..00	0	0.00	0	0.00	0	0.00	0.00
(f)	Investor Education and Protection Fund	1	563187	0	0	563187	0.87	563187	0	563187	0.87	0	0.00	0	00	0	0	563187

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B + C)			No. (a)	As a % of total Shares held	No. (a)	As a % of total Shares held	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII) (b)		(XIII) (b)		(XIV)
g)	Resident Individuals holding nominal share capital up to ₹ 2 lakhs	9602	3170791	0	0	3170791	4.90	3170791	0	3170791	4.90	0	0.00	0	4.90	0	0	2445340
(h)	Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs	23	1573467	0	0	1573467	2.43	1573467	0	1573467	2.43	0	0.00	0	2.43	0	0	1330317
(i)	Non-Resident Indians	43	19801	0	0	19801	0.03	19801	0	19801	0.03	0	0.00	0	0.03			
(j)	Foreign Nationals	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
(k)	Foreign Companies	1	4450000	0	0	4450000	6.88	4450000		4450000	6.88	0	0.00		6.88	0	0	0
(l)	Bodies Corporates	62	11284607	0	0	11284607	17.43	11284607		11284607	17.39	0	0.00		17.43	0	0	10348145
(m)	Any Other (Specify)																	
	i. Director or Director's relatives	1	300	0	0	300	0.00	300	0	300	0.00	0	0.00	0	0.00	0	0.00	300
	ii. HUF	117	266902	0	0	266902	0.41	266902	0	266902	0.41	0	0.41	0	0.00	0	0.00	266902
	iii. Clearing member	1	10095	0	0	10095	0.02	10095	0	10095	0.02	0	0.02	0	0.00	0	0.00	10095
	iv. Unclaimed Suspense or Escrow Account	1	2825	0	0	2825	0.00	2825	0	2825	0.00	0	000	0	0.00	0	0.00	2825
	Sub Total (B)(4)	**9852**	**21341975**	**0**	**0**	**21341975**	**32.98**	**21341975**	**0**	**21341975**	**32.98**	***0***	**32.98**	**0**	**0**	**0.00**	**0.00**	14986712
	Total Public Shareholding (B) = (B)(1)+ (B)(2)+ (B)(3)+(B(4)	**9854**	**21342875**	**0**	**0**	**21342875**	**32.98**	**21342875**	**0**	**21342875**	**32.98**	***NA***	**32.98**	**0**	**0**	**0.00**	**0.00**	**14986712**

15. **(a) Statement showing shareholding pattern off the Non Promoter- Non Public shareholder**

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(l)	Custodian / Dr Holders (if available)	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
(2)	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
	Total Non Promoter-Non Public Share-holding (C) = (C)(1)+ (C)(2)	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
	Total (A+B+C)	**9872**	**64705882**	**0**	**0**	**64705882**	**100.00**	**64705882**	**0**	**64705882**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**58349719**

16. **Top ten equity shareholders of our Company as on December 31, 2023**

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

17. **Top ten preference shareholders of our Company**

8.25% Redeemable Cumulative Preference Shares of ₹ 100 each as on December 31, 2023

Sl No	Name of the Preference Shareholder	No. of Preference Shares of face value of ₹ 100 each	Total shareholding as a % of total no of Preference Shares
1	Sakthi Financial Services Cochin Private Ltd	1,66,500	11.10
2	Nivethitha M	25,000	1.67
3	Subhadra Devi	20,000	1.33
4	D. Lalitha	20,000	1.33
5	R Usha	20,000	1.33
6	R. Jayakrishnan	20,000	1.33
7	Kamala Ramakrishnan	18,500	1.23
8	S Selva Chidambaram	16,000	1.07
9	Manjula Varadarajan	15,000	1.00
10	Akhila Vijayaraghavan	15,000	1.00
	Total	**3,36,000**	**11.10**

9.00% Redeemable Cumulative Preference Shares of ₹ 100 each as on December 31, 2023

Sr No	Name of Shareholder	No. of Preference Shares of face value of ₹ 100 each	Total shareholding as a % of total no of Preference Shares
1	Selvaraj	50,000	5.75
2	Senthamarai Kannan K	25,000	2.87
3	Elango P	20,000	2.30
4	Jeyakumar	15,000	1.72
5	Subramaniyam	14,000	1.61
6	Alagarsamy	13,000	1.49
7	Lakshmipathy	12,000	1.38
8	S Sankaranarayanan	10,000	1.15
9	K Muthuchamy	10,000	1.15
10	S Krishnan	10,000	1.15
	Total	**1,79,000**	**20.57**

18. **Top ten holders of Secured and Unsecured, Redeemable Non-Convertible Debentures as on December 31, 2023**

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

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

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

Public Issue 2019 (₹1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	R Gurusamy	90.00	2.06
2	Samyuktha Vanavarayar	75.00	1.71
3	Vinodhini Balasubramaniam	70.00	1.60
4	G Radha	60.00	1.37
5	D Baskaran (HUF)	50.00	1.14
6	Jude Kamil A	50.00	1.14
7	Ganesan Kannan	50.00	1.14
8	Aruchamy B	44.00	1.01
9	Shruthi B	35.00	0.80
10	Subbarayan P	26.40	0.60
	Total	**550.40**	**12.57**

(c) Listed, Secured and Unsecured Redeemable Non-Convertible Debentures: Public Issue 2020 (₹ 1,000 each)

Sr No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	S Senthil Saravanan	100.00	2.05
2	Brahmavidyanayaki	60.00	1.23
3	Vijaya Shantha Priya	50.00	1.03
4	Vijayalakshmi T	50.00	1.03
5	Surendrakumar	50.00	1.03
6	Vijayalakshmi K	33.00	0.68
7	Kothandapani A	31.00	0.64
8	Rathinamala J	30.00	0.62
9	N Muralidharan	30.00	0.62
10	G.Ramu	30.00	0.62
	Total	**464.00**	**9.55**

(d) Listed Secured and Unsecured Redeemable Non-Convertible Debentures: Public Issue 2021 (₹ 1,000 each)

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

(e) Listed, Secured, Redeemable Non-Convertible Debentures: Public Issue 2022 (₹ 1,000 each)

Sl No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Jansi Rani Ramasamy	254.00	2.54
2	Karunambal Vanavarayar	224.00	2.24
3	Sakthifinance Financial Services Ltd	100.00	1.00
4	Sockalingam Kalidhas	100.00	1.00
5	J Mohanasundari	100.00	1.00
6	Karthikraj Vengiduswamy Loganathan	100.00	1.00
7	Vidhyadevi P D	100.00	1.00
8	Mahalakshmi Karthikraj	100.00	1.00
9	Dhiren Hiralal Malani	90.00	0.90
10	Savithiri Chandrasekaran	63.00	0.63
	Total	**1,231.00**	**12.31**

(f) Listed, Secured Redeemable Non-Convertible Debentures: Public Issue 2023 (₹ 1,000 each)

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

19. **Top ten holders of privately placed Subordinated Debt II (₹ 10,000 each) instrument as on December 31, 2023**

Sl No	Name of debenture holder	Number of debentures	Aggregate Amount (₹ in lakh)
1	Palaniappan S	610	61.00
2	Muraleedharan A.	590	59.00
3	Ramadurai N	456	45.60
4	Sukumar N	410	41.00
5	Sivakumar N	360	36.00
6	Lakshmi Priya T	350	35.00
7	Manjula K A	325	32.50
8	Kumar S	320	32.00
9	Lata K Sonpal	320	32.00
10	Nithiyanandha A Y	300	30.00

20. **Debt-Equity Ratio**

The debt-equity ratio of our Company, prior to the Issue is based on a total outstanding debt of ₹ 1,12,526.88 lakh (including Preference shares) and shareholder funds amounting to ₹ 18,401.57 lakh.

(₹ Lakh)

Particulars	Prior to the Issue (as on September 30, 2023)	Post Issue
Debt		
Short term	51,255.36	51,255.36
Long term	61,271.52	81,271.52
Total Debt (A)	**1,12,526.88**	**1,32,526.88**
Shareholders' Funds		
Share Capital	6,470.59	6,470.59
Reserves and Surplus less Revaluation Reserve	12,091.28	12,091.28
Less: Misc expenditure to the extent not written off / adjusted	(160.30)	(160.30)
Total Shareholders' Funds (B)	**18,401.57**	**18,401.57**
Total Debt Equity Ratio (Number of times) (A/B)	**6.12**	**7.20**

Notes:

1. Short Term Debts includes
   a) Interest accrued on Debentures, Deposits, Subordinated Debts and Cash Credit
   b) Loan term Debts maturing within 12 months
   c) Unclaimed deposits and debentures
2. The Long-term Debt maturing more than 12 months includes Interest accrued on Debentures, Deposits, Subordinated Debts
3. The debt-equity ratios post the issue is indicative, and is on account of assumed inflow of ₹ 20,000 lakh from the issue only. Actual debt-equity ratio, as on the date of allotment, would depend on the actual inflow from the issue and status of other liabilities and corresponding change in Shareholders' Funds.

For details of the outstanding borrowings of our Company, please refer the Chapter titled ***"Financial Indebtedness" on*** *page 171*

OBJECTS OF THE ISSUE

ISSUE PROCEEDS

Our company proposes to make a public issue of Rated, Listed, Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each for an amount not exceeding ₹ 10,000 lakh as base issue with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating an amount not exceeding ₹ 20,000 lakh.

The issue is being made pursuant to the provisions of the SEBI NCS Regulations, the Companies Act and the rules made thereunder, as amended, to the extent notified. The details of the Net Proceeds are set out in the following table:

Particulars	**Estimated Amount (₹ lakh)**
Gross Issue Proceeds	20,000
**Less:* Issue related expenses	600
Net Issue Proceeds after deducting the Issue related expenses	19,400

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

The Net Proceeds raised through this Issue will be utilized for following purposes in the ratio provided as below:

Sr. No	**Objects of the fresh issue**	**(%) of amount proposed to be financed from Net Issue proceeds**	
1	For the purpose of on-ward lending, financing and for repayment/ prepayment of principal and interest of existing borrowings (including redemption of NCDs which would become due for redemption) of the Company	14,550	at least 75
2	For general corporate purposes*	4,850	Up to 25

** The Net Proceeds will be first utilized towards the objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations. (Assuming that the entire issue including the oversubscription portion is subscribed and allotted)*

The Objects Clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Details of use of Proceeds:

A. For the purpose of on-ward lending, financing and for repayment/ prepayment of interest and principal of existing borrowings of the Company (including redemption of NCDs outstanding which would become due for redemption)

We are an NBFC-ML (Investment and Credit Company - Deposit-taking), with activities such as acceptance of deposits, issuance of non-convertible debentures (both Private Placement and Public Issues), hire purchase financing of commercial vehicles, machinery etc. with its main focus on financing of pre-owned commercial vehicles. The Net Issue Proceeds from this Issue will be utilized for the on-ward lending for hire purchase financing / other lending activities of the Company and for repayment of principal and payment of interest on existing borrowings of the Company.

B. General corporate purposes

Our Company may use a part of proceeds of the Issue for general corporate purposes including strategic initiatives, brand building exercises, strengthening of our marketing capabilities and meeting exigencies, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board. Further, the total amount earmarked for **"*General Corporate Purposes*"**, shall not exceed 25% of the amount raised by our Company through this Issue.

C. Issue Related Expenses

The total issue expenses payable by our Company are estimated at ₹ 600 lakh and the entire costs would be financed from issue proceeds. The Issue expenses consists of fees payable to the Lead Manager, Registrar, Legal Counsel to the Issue, Bankers, Statutory Auditors, printing and stationery, advertising and marketing, listing fees and other expenses. For further information on Issue Expenses, please refer to Chapter titled **"*Other Regulatory and Statutory Disclosures*"** on page 250 of this Draft Prospectus.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim use of proceeds

Subject to applicable law, the management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest earning liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds or temporarily deploy the funds in investment grade interest-earning securities, as may be approved by the Board, and/or any duly constituted committee of Directors of our Company, as the case may be. Such investments would be in accordance with the investment policies approved by our Board from time to time.

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board of Directors shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges. Further, in accordance with the SEBI Listing Regulations, our Company will furnish to the Stock Exchange(s) on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results in the terms of and as per the format prescribed by SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated 29th July 2022 (updated as on 1st December 2022). Our Company shall utilise the proceeds of the Issue only upon execution of the documents for creation of Security and the Debenture Trust Deed and receipt of listing and trading approval from the Stock Exchange as stated in this Draft Prospectus in the section titled **"*Terms of the Issue*"** on page 189.

Other Confirmation

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any property. The Issue proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

No part of the proceeds from this Issue will be paid by us as consideration to our promoters and person in control of our Company, our Directors, key managerial personnel, or companies promoted by our promoters except in the ordinary course of business.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

Further, our Company undertakes that Issue proceeds, if any, from NCDs allotted to banks, shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Utilisation of Issue proceeds

Our Board of Directors / Committee of Directors, as the case may be, will confirm that:

a) Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;
b) The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.
c) Details of all monies utilised out of the Issue referred above shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;
d) Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;
e) Our Company shall utilize the Issue proceeds only upon:
   (i) receipt of minimum subscription
   (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013
   (iii) Receipt of the listing and trading approval from the Stock Exchange and
   (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Draft Prospectus in the Chapter titled ***"Issue Structure",*** beginning on Page 182;
f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property;
g) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continue to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and
h) The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

Benefit or Interest accruing to Promoters or Directors out of the objects of the Issue

There is no benefit or interest accruing to the Promoter or Directors from the Objects of the Issue.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act 2013, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act 2013.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

To
Board of Directors
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore 641 018

Sir/Madam,

Statement of Possible Tax Benefits available to the Debenture holders of Sakthi Finance Limited (the "Company") in connection with the proposed Public Issue ("Issue") of Rated, Listed, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,000 each ("NCDs") for an amount not exceeding ₹ 10,000 Lakh (hereinafter referred to as the "Base Issue") with an option to retain Over-Subscription for an amount not exceeding ₹ 10,000 Lakh, aggregating an amount not exceeding ₹ 20,000 Lakh (hereinafter referred to as the "Overall Issue Size")

1. We, CSK Prabhu & Co, are an independent firm of Chartered Accountants in relation to the Company. This Certificate is issued in accordance with the terms of our engagement letter dated 18th December 2023.

2. The accompanying Statement of Possible Tax Benefits available to the Debenture holder(s) (hereinafter referred to as "**the Statement**") in **Annexure A** states the possible tax benefits available to the Debenture holders of the Company under the Income Tax Act, 1961 (read with Income Tax Rules, circulars and notifications), as amended by the Finance Act, 2023 and presently in force in India (hereinafter referred to as the "**Indian Income Tax Regulations**" or "**the IT Act**") for the purpose of inclusion in the draft prospectus/prospectus, in connection with the "**Issue**" of the Company, has been prepared by the management of the Company and which we have initialed for identification purposes. We are informed that such Non-Convertible Debentures raised in the Issue will be listed on a Recognized Stock Exchange in India and the statement has been prepared by the company's management on such basis.

Management's Responsibility

3. The preparation of the Statement as on the date of our report which is to be included in the draft prospectus/prospectus is the responsibility of the management of the Company and has been approved by the NCD Issuance Committee of Board of Directors of the Company at its meeting held on January 17, 2024 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities. The statement is also based on management's understanding of the business activities and operations of the company.

Auditor's Responsibility

4. Our work has been carried out in accordance with the Standards on Auditing, the "**Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)**" ("Guidance Note") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by ICAI.

5. Pursuant to the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (**the "SEBI NCS Regulations"**) and the Companies Act 2013 (**"the Act"**), it is

our responsibility to examine whether the Statement prepared by the Company, in all material respects, reflects the current position of possible tax benefits available to the debenture holders of the Company. For this purpose, we have read the Statement as given in Annexure A and evaluated with reference to the provisions of the IT Act to confirm that statements made are correct in all material respect as amended by the Finance Act, 2023 and presently in force in India for the purpose of inclusion in the draft prospectus/prospectus, in connection with the "**Issue**" of the Company.

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

7. We are informed that the "**Issue**" of the Company will be listed on a recognized stock exchange in India. The statement has been prepared on that basis. Our work is performed solely for the Management of the Company in meeting their responsibilities in relation to statutory and other compliances in connection with the "**Issue**".

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of these benefits are dependent on the Company or its Debenture holders fulfilling the stipulated conditions prescribed under the relevant provisions of the Indian Income Tax Regulations and the eligibility thereon. Hence, the ability of the Company or its Debenture holders to derive the tax benefits is dependent upon fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company or its Debenture holders may or may not choose to fulfill. The benefits discussed in the enclosed statement are not exhaustive and conclusive. Further, any benefits available under any other law/s have not been examined and covered by this statement.

   The statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

   Our views are based on the existing provisions of Indian Income Tax Regulations and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

   We shall not be liable to any claims, liabilities or expenses relating to this assignment. We will not be liable to any other person in respect of this statement.

   Further, we do not express any opinion or provide assurance as to whether:

   (i) the Company or its Debenture holders will continue to obtain these benefits in future;
   (ii) the conditions prescribed for availing the benefits have been/would be met with.
   (iii) the revenue authorities/courts will concur with the views expressed herein.

Opinion

9. In our opinion, the Statement prepared by the Company in **Annexure A** presents, in all material respects, and materially covers all the tax benefits available, as on the date of signing of this report, to the Debenture holders of the Company, in accordance with the Indian Income Tax Regulations.

Restriction on Use

10. This Certificate has been issued at the request of Sakthi Finance Limited and is addressed to and provided to enable the Board of Directors of the Company to include this Certificate in the Draft Prospectus/ Prospectus prepared and for use in connection with the proposed "**Issue**" and may accordingly be furnished as required to SEBI, BSE Limited, Registrar of Companies, Tamil Nadu at Coimbatore or any other regulatory authorities, as required, and shared with and relied on as necessary by the Company's lead managers, legal counsel and any other advisors and intermediaries duly appointed in this regard. Accordingly, this report should not be reproduced or used for any other purpose without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No: 002485S
Sd/-
CSK Prabhu
Partner
Membership Number: 019811
UDIN: 24019811BKFAIR7692

Place **:** Coimbatore
Date **:** January 17, 2024

Annexure A

STATEMENT OF POSSIBLE TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 ("IT ACT") AVAILABLE TO THE DEBENTURE HOLDER(S) UNDER THE APPLICABLE INCOME TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the Debenture Holders of secured, rated, listed, redeemable non-convertible debentures (**"NCDs"**) of Sakthi Finance Limited in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the non-convertible debentures (**"Debentures"**) under the current tax laws presently in force in India. The Annexure is based on the provisions of the IT Act, as on date, taking into account the amendments made by the Finance Act, 2023 (**"FA 2023"**) relevant to the Proposed Issue of the Company and its Debenture holders. This Annexure intends to provide general information on the applicable provisions of the IT Act. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Several of these benefits are dependent on the Company or its Debenture Holders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither is the Company suggesting nor advising the investor to invest money based on this Statement. The Investor should consult his/her/its own tax advisors concerning the Indian tax implications and consequences of purchasing, owning and disposing of the Debentures in his/her/its particular situation.

Taxability under the IT Act

1. The basis of charge of Indian income-tax would depend upon the residential status of the debenture holder during a tax year. The Indian tax year starts from April 1 to March 31.

2. If the debenture holder is an Indian tax resident, he is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the IT Act.

3. A debenture holder, who is treated as a non-resident for Indian income-tax purposes, is generally subject to tax in India only on his India-sourced income (***i.e.***, income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. Since the NCDs would be issued by an Indian company, any income in respect of the NCDs and/or gains arising to the non-resident debenture holder on transfer would generally be regarded as India- sourced income and would accordingly be taxable in India under the IT Act.

4. In case of non-resident debenture holders, the tax rates and the consequent taxation, mentioned in this part shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (**"DTAA" or "tax treaty"**), if any, between India and the country of residence of the non-resident, subject to satisfying the relevant conditions including but not limited to:
   a. conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument (**"MLI"**) as ratified by India with the respective country of which the said debenture holder is a tax resident;
   b. non-applicability of General Anti-Avoidance Rule **("GAAR")**; and
   c. providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

5. All references to NCDs hereinafter refer to rated, listed, secured, redeemable, non-convertible debentures issued by the Company, unless stated otherwise.

6. **Taxability under various heads of Income**

   The returns received by the investors from NCD in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:
   - Profits and Gains from Business;
   - Income from Capital Gains; and
   - Income from Other Sources.

The returns from the investment in the form of interest would generally be subject to tax under the head "Income from Other Sources". Under certain circumstances depending upon the facts and circumstances of the taxpayer, the interest income may be subject to tax under the head "Profits and Gains from Business".

The gains from the sale of the instrument or security may be characterized either as "Profits and Gains from Business" or as "Capital Gains".

This is discussed in the following paragraph.

"Profit and Gains from Business" versus "Capital Gains"
Gains from the transfer of securities/instruments of the investee companies may be characterized as "Capital Gains" or as "Profits and Gains from Business" in the hands of an investor, depending upon whether the investments in the NCD are held as an 'investments' or as 'stock in trade'. This can vary based on the facts of each investor's case (taking into account factors such as the magnitude of purchases and sales, ratio between purchases and sales, the period of holding, whether there exists an intention to earn a profit from sale or to earn interest, etc.)

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

7. **Taxation of Interest, Profits from Business and Capital Gains**

Taxation of Interest

Income by way of interest received on debentures, bonds, and other debt instruments held as investments will be charged to tax as under the head "Income from Other Sources" at the rates applicable to the investor after deduction of expenses, if any, allowable under Section 57 of the IT Act. These are essentially expenses (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of earning the interest income.

In case of debentures, bonds or other debt instruments held as stock-in-trade and sold before their maturity, the interest accrued thereon till the date of sale and included in the sale price, may also be charged to tax as "business income (treatment separately discussed below).

Further, in case of certain specific fixed income securities and certain debt instruments, purchased and held as investments and transferred prior to maturity, the gain from the transfer may also possibly be characterized as "capital gains" (treatment separately discussed below).

The FA 2023 has inserted Section 50AA to the IT Act to provide for a special provision for computation of capital gains in case of Market Linked Debenture (**"MLD"**). For the purposes of the said Section, MLD has been defined in the Explanation thereto to mean a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a MLD by the Securities and Exchange Board of India.

Based on the definition, MLD has the following essential features:

- It is a security in the nature of debt;
- It has an underlying principal component;
- Returns with respect to such security are linked to market returns on other underlying securities or indices;
- And, by way of extension, it is also provided that any security classified or regulated by SEBI as an MLD, shall for the purposes of Section 50AA of the IT Act, be deemed to be an MLD

The Non-Convertible Debentures ("NCDs") issued/ proposed to be issued by the Company creates a borrower-lender relationship between the issuer and subscriber and to that extent, such NCDs constitute a security in the nature of debt. Further, the proposed NCDs, by their very nature, have a principal component (which is the price at which the subscriber subscribes to such NCDs).

However, the returns with respect to such Proposed NCDs (excess of redemption value over the principal component) is a fixed return and is not linked to any market return or underlying security or indices.

Given the same, the proposed NCDs to be issued by the company do not satisfy the first limb of the definition of MLD as provided in the Explanation to Section 50AA of the IT Act and thus, such NCDs should not constitute an MLD for the purposes of Section 50AA of the IT Act.

The second limb of the definition of MLD which deems any security classified or regulated by SEBI as an MLD, to be an MLD for the purposes of Section 50AA of the IT Act, is an independent limb and need to be construed as such. At present, the NCD issued/ proposed to be issued by the company is neither classified nor regulated by the SEBI as an MLD and accordingly, the NCDs issued by the issuer should not constitute an MLD for the purposes of Section 50AA of the IT Act. However, the said fact-pattern would have to be re-visited in light of any amendment in the law as may be notified by SEBI in future.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

Taxation of Profits and Gains from Business

As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of "Profits and Gains from Business".

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (that is, net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act.)

The "Profits and Gains from Business" so computed, as reduced on account of set-off of losses in accordance with Chapter VI of the IT Act and unabsorbed allowances, if any, would go to form part of the gross total income of the investor.

The gross total income would be reduced by deductions, if any, available under Chapter VI-A of the IT Act and the resultant total income would be subject to tax at the tax rates as applicable to the investor (Refer Note 1 and Note 2). The deductions are however subject to the provisions of Section 115BAC of the IT Act.

Based on Section 145 of the IT Act, the timing of charging any income to tax would depend on the method of accounting followed by the taxpayer consistently (i.e., cash or mercantile).

The investors may obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.
Taxation of Capital Gains

As discussed above, based on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of capital assets and hence the gains from the transfer/ sale of such investments would be considered to be in the nature of "capital gains".

As per Section 2(14) of the IT Act, the term 'capital asset' has been defined to, *inter alia*, mean any securities held by a foreign institutional investor which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992.

- **Period of holding – long-term and short-term capital assets**
  Taxability of investments primarily depends on the nature of Capital Asset and period of holding.

  As per Section 2(29AA) of the IT Act, long-term capital asset means a capital asset which is not a short-term capital asset.

  As per Section 2(29AA) read with Section 2(42A) of the IT Act, a security (other than a unit) listed in a recognized stock exchange in India (including a Listed NCD), or a unit of an equity oriented fund or zero-coupon bond (as defined) held for a period of more than 12 months is considered long-term capital asset.

  In case of share of an unlisted company and an immovable property, it will be considered as a long-term capital asset where it is held for a period of more than 24 months.

Any assets (other than as described above), are considered long-term capital assets where they are held for a period of more than 36 months.

The above assets, where held for a period of not more than 12 months/ 24 months/ 36 months, as the case may be,will be treated as short-term capital assets.

The gains arising from the transfer of long-term capital assets are termed as long-term capital gains.

The gains arising from the transfer of short-term capital assets are termed as short-term capital gains.

Accordingly, if listed NCDs are held for upto 12 months immediately preceding the date of its transfer, the same should be treated as a short-term capital asset and the gain/ loss on transfer of such NCD should be treated as short-term capital gain/ loss.

Without prejudice to the fact that the NCDs to be issued by the issuer are not MLD (as has been concluded at the outset), where, for whatsoever reasons, the NCDs are treated as MLDs, then in such cases, as per the amendment by the FA 2023, the capital gains arising on transfer or redemption or maturity of such NCDs shall be deemed to be capital gains arising from transfer of a short-term capital asset. Further, in computing the capital gains, no deduction shall be allowed on account of Securities Transaction Tax (**"STT"**) paid, if any.

- **Computation of capital gains**

  Capital gains are computed after reducing from the consideration received from the transfer of the capital asset, the cost of acquisition of such asset and the expenses incurred wholly and exclusively in connection with the transfer.

- **Nature of transactions and resultant capital gain treatment**

  The capital gains tax treatment of transactions is given in Note 4.

  The following transactions would attract the "regular" capital gains tax provisions:
  - Transactions of sale of debentures, bonds, listed or otherwise; and
  - Transactions in structured debentures.

- **Set off of capital losses**

  Long-term capital loss of a year can be set off only against long-term capital gains arising in that year and cannot be set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both, short-term and long-term capital gains of the same year.

  Unabsorbed short-term and long-term capital loss of prior years can be separately carried forward for not more than eight assessment years immediately succeeding the assessment year for which the first loss was computed, provided the Return of Income (**"ROI"**) is filed within the original due date. Unabsorbed short-term capital loss shall be eligible for set off against short-term capital gains as well as long-term capital gains. However, unabsorbed long-term capital loss shall be eligible to be set off only against long-term capital gains.

  In case an eligible person is assessed under the provisions of Section 115BAC of the IT Act, set off of loss is governed by the provisions contained in that Section.

- **Certain deductions available under Chapter VI-A of the IT Act**

  In terms of FA 2023 for FY 2023-24 relevant to the AY 2024-25 and onwards, an Individual or Hindu Undivided Family (**"HUF"**) or Association of Persons (**"AOP"**) (other than co-operative society), or Body of Individuals (**"BOI"**), whether incorporated or not, or an artificial juridical person referred to u/s 2 (31)(vii) of the Act shall be subjected to lower tax rates as specified u/s 115BAC(1A) of the Act as discussed in detail under Note 1. While computing the income as per Section 115BAC(1A), w.e.f. FY 2023-24, certain deduction/ exemptions as specified u/s 10 and/or under Chapter VI of the Act shall not be available which are otherwise available.

However, where the individual or HUF or other specified person exercises the option u/s 115BAC(6) of the Act, certain deductions and exemptions are available while computing the Total Income.

Such Individuals or Hindu Undivided Families or other specified persons, exercising the option available u/s 115BAC(6), would be allowed a deduction in computing total income, *inter alia*, under Section 80C of the IT Act for an amount not exceeding INR 150,000 with respect to sums paid or deposited in the previous year in certain specified schemes.

Further, the option to be assessed to tax in accordance with the provisions of Section 115BAC(6) of the IT Act once exercised by an individual or HUF or other specified persons carrying on business or profession for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, such individual or HUF or other specified persons shall never be eligible to exercise the option to be assessed in accordance with the provisions of Section 115BAC(1A) of the Act except where such individual or HUF or other specified persons ceases to have any income from business or profession, in which case, the option to be assessed to tax as per the provisions of Section 115BAC(1A) of the IT Act shall be available.

- **Alternate Minimum Tax ("AMT")**

The IT Act provides for the levy of AMT to tax investors (other than companies) at the rate of 18.5 per cent (plus applicable surcharge and health and education cess) on the adjusted total income. In a situation where the income-tax computed as per the normal provisions of the IT Act is less than the AMT on "adjusted total income", the investor shall be liable to pay tax as per AMT. "Adjusted total income" for this purpose is the total income before giving effect to the deductions claimed under Section C of chapter VI-A (other than Section 80P) and deduction claimed, if any, under Section 10AA and deduction claimed, if any, under Section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of Section 32 as if no deduction under Section 35AD was allowed in respect of the assets on which the deduction under that Section is claimed. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person, if the adjusted total income of such person does not exceed INR 20 lakhs. Further AMT will not apply to a specified fund referred in clause (c) of the Explanation to clause (4D) of Section 10. As per sub-section (5) to Section 115JC of the IT Act, inserted by FA 2020, the provisions of AMT shall not be applicable in case of, an eligible person who has exercised the option to be taxed as per the provisions of Section 115BAC(1) of the IT Act or to such eligible person where tax is computed under sub-section (1A) of Section 115BAC. Further, the credit of AMT can be further carried forward to fifteen subsequent years and set off in the year(s) where regular income tax exceeds the AMT. In terms of Finance Act 2022, the rate of AMT, w.e.f 01-04-2023, in the case of Co-Operative Society the rate of AMT, has been reduced to 15% from the existing rate of 18.5%. Further, in case of units located in an International Financial Services Centre and who derives its income solely in convertible foreign exchange, the rate of AMT has been reduced to 9%.

The provisions of AMT also provide that the Foreign Tax Credit (**"FTC"**) claimed against AMT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under AMT.

Certain amendments have been made in the Finance Act, 2023 in Section 115JC and 115JD which are applicable from AY 2024-25. Pursuant to these amendments, the provisions of Section 115JC and JD are not applicable to the persons who have exercised option referred to in sub-section (5) of Section 115BAC or sub-section (5) of Section 115BAD or sub-section (5) of Section 115BAE or where income tax in respect of such person is computed under sub-section (1A) of Section 115BAC.

- **Minimum Alternative Tax ("MAT")**

The IT Act provides that where the tax liability of a company (under the regular provisions of the IT Act) is less than 15 per cent of its 'book profit', then the book profit is deemed to be its total income and tax at the rate of 15 per cent (plus applicable surcharge and health and education cess –Refer Note 2) is the MAT payable by the company.

Tax credit is allowed to be carried forward for fifteen years immediately succeeding the assessment year in which tax credit becomes allowable. The tax credit can be set-off in a year when the tax is payable on the total income is in accordance with the regular provisions of the IT Act and not under MAT.

The CBDT by its Circular No. 29 of 2019 dated 2 October 2019 has clarified that MAT credit is not available to a domestic company exercising option under Section 115BAA of the IT Act. The circular further clarifies that there is no time limit within which the option under Section 115BAA of the IT Act can be exercised and accordingly, a domestic company having accumulated MAT credit may, if it so desires, exercise the option of Section 115BAA of the IT Act at a future date, after utilizing the MAT credit against tax payable as per the regime existing prior to the Taxation Laws (Amendment) Act, 2019.

As per the provisions of Section 115JB of the IT Act, the amount of income accruing or arising to a foreign company from capital gains arising on transactions in securities or interest, royalty, or fees for technical services chargeable to tax at the rates specified in Chapter XII to the IT Act, shall be excluded from the purview of MAT, if such income is credited to the Profit and Loss Statement and the tax payable on such income under the normal provisions is less than the MAT rate of 15 per cent. Consequently, corresponding expenses shall also be excluded while computing MAT.

Further, Explanation 4 to Section 115JB of the IT Act clarifies that provisions of MAT will not apply to a foreign company if:

a) it is a resident of a country with which India has a DTAA and the company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
b) it is a resident of a country with which India does not have a DTAA and the foreign company is not required to register under any law applicable to companies.

Further, it is provided that the FTC claimed against MAT liability which exceeds the FTC that would have been allowable while computing income under normal provisions, would be ignored while computing tax credit under MAT.

Also, sub-section 5A of Section 115JB, provides that the provisions of Section 115JB shall not apply to a person who has exercised the option referred under Section 115BAA or Section 115BAB of the IT Act.

- **Taxability of non-resident investors under the tax treaty**

In case of non-resident investor who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement/ Multi Lateral Agreement ("**DTAA**" or "**tax treaty**") (which is in force) income-tax is payable at the rates provided in the IT Act, as discussed below, or the rates provided in such tax treaty, if any, whichever is more beneficial to such non-resident investor, subject to conditions prescribed.

For non-residents claiming such tax treaty benefits, the IT Act mandates the obtaining of a Tax Residency Certificate (''**TRC**'') from the home country tax authority.

Section 90(5) of the IT Act provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 (**"Rules"**) has been issued prescribing the format of information to be provided under Section 90(5) of the ITAct, i.e., in Form No 10F electronically.

In the context of taxation of capital gains, the definitions of "capital asset" and "transfer" are widened with retrospective effect from 1 April 1961 specifically with a view to tax, in the hands of non-residents, gains from direct or indirect transfer of assets situated in India.

- **General Anti Avoidance Rules ("GAAR")**

The General Anti Avoidance Rules ("**GAAR**'') were introduced in the IT Act by the Finance Act, 2012. The Finance Act, 2015 made the provisions of GAAR applicable prospectively from 1 April 2017. Further, income accruing, arising, deemed to accrue or arise or received or deemed to be received by any person from transfer of investments made up to 31 March 2017 would be protected from the applicability of GAAR.

- **Withholding provisions**

The withholding provisions provided under the Act are machinery provisions meant for tentative deduction of income- tax subject to regular assessment. The withholding tax is not the final liability to income-tax of an assessee. For rate of tax applicable to an assessee, please refer Notes 1 and 2 below.

Sr. No.	Scenarios	Provisions
1	Withholding tax rate on interest on NCD issued to Indian residents	Interest paid to residents including any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder, will be subject to withholding tax as per Section 193 of the IT Act at the rate of 10 per cent. No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is substantially interested if: • the amount of interest paid to such person in a financial year does not exceed INR 5,000; and • such interest is paid by an account payee cheque
2	Withholding tax rate on interest on NCD issued to Foreign Portfolio Investors(FPI)	Interest on NCD issued to FPI by way of any long-term bond or rupee denominated bond on or after 01-07-2023, which is listed only on a recognized stock exchange located in an International Financial Services Centre may be eligible for concessional tax rate of 9% under Section 194LC(2)(1C) of the IT Act provided specific approval is obtained from Central Government for interest rate. If Section 194LC of the IT Act is not applicable, then tax deduction should be made as per Sections 196D read with Section 115AD of the IT Act i.e. at 20 per cent subject to relief under the relevant DTAA, if any. Withholding rate will be increased by surcharge as applicable (Refer Note2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess. Further, as per Section 196D(2) of the IT Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures (securities referred to in Section 115AD) by FIIs. Foreign Portfolio Investors (**"FPI"**) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII, by virtue of the powers conferred by clause (a) of the Explanation to Section 115AD of the IT Act.
3	Withholding tax rate on interest on NCD issued to non- residents other than FPIs	Interest payable to non-resident (other than FPI) would be subject to withholding tax at the rate of 30 per cent / 40 per cent as per the provisions of Section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident. Alternatively, benefits of concessional rates of 5/9 per cent under Section 194LC of the IT Act could be availed provided specific approval is obtained from the Central Government with respect to the rate of interest. Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.

Sr. No.	Scenarios	Provisions
4	Withholding tax rate on purchase of 'goods'	As per Section 194Q of the IT Act, inserted by Finance Act, 2021 (**"FA 2021"**), w.e.f. July 01, 2021, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 per cent. Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. TDS shall not be applicable where; a) Tax is deductible under any of the provisions of the IT Act; or b) Tax is collectible under the provisions of Section 206C of the IT Act other than a transaction to which Section 206C(1H) of the IT Act applies Given that the term 'goods' has not been defined under the Section 194Q of the Act and there exists lack of clarity on whether the term 'goods' would include 'securities', it is advisable that the investors obtain specific advice from their tax advisors regarding the same. The CBDT by its Circular No. 13 of 2021 dated 30th June, 2021 and Circular No. 20 of 2021 dated 25th November 2021 has provided guidelines under Section 194Q of the Act for removal of difficulties.
5	Tax Collection on sale of 'goods'	As per Section 206C(1H) of the IT Act, every person being a seller receiving any sum for sale of 'goods' of the value exceeding INR 50 Lakhs shall be liable to collect tax at the rate of 0.1 per cent. Seller means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. This Section shall not be applicable where tax is deductible by the buyer under any of the provisions of the IT Act on the goods purchased by him and such tax has been deducted; The CBDT by its Circular No. 17 of 2020 dated 29th September, 2020 and Circular No. 20 of 2021 dated 25th November 2021 has provided guidelines under Section 206C(1H) of the Act for removal of difficulties.
6	Withholding tax rate on interest on NCD issued to eligible institutions, Government, Reserve Bank of India and a corporation (established by or under a Central Act which is under any law for time being in force exempt from Income tax)	All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the IT Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of Section 196(iv) of the IT Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the IT Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it. Further as per the provisions of Section 196(i), (ii) and (iii) no deduction of tax shall be made by any person from any sums payable to the Government or the Reserve Bank of India or a Corporation (established by or under a Central Act, which is under any law for the time being in force exempt from Income Tax).

Sr. No.	Scenarios	Provisions
7	Withholding tax on Interest on NCD Issued to Provident Fund and ESI Fund.	Under Section 10(25) of the IT Act, any income received by trustees on behalf of a recognized provident fund or a recognized superannuation fund is exempt from tax. Under Section 10(25A) of the IT Act, any income received by trustees of Employees State Insurance Fund is exempt from tax. Therefore, no withholding tax is applicable thereon (Also vide Circular -18/2017).
8	Withholding tax on Interest on NCD issued to Life Insurance Corporation of India, General Insurance Corporation of India, Companies formed under Section 16(1) of General Insurance Business Act, 1972 and Company in which GIC has full beneficial Interest (100% Shareholding)	Withholding Tax (**"TDS"**) exemption is provided under clause (vi) and clause (vii) of proviso to Section 193 of the IT Act.
9	Withholding tax on Interest on NCD issued to Alternate Investment Funds (Category I and II)	Withholding Tax (**"TDS"**) exemption is provided under Section 197A(1F) of the IT Act.
10	Withholding tax on Interest on NCD issued to other entities like local authority, regimental funds, IRDA etc and New Pension System Trust	Withholding Tax (**"TDS"**) is exempt under the provisions of Section 10(20) and Section 10(44) read with CBDT Circular – 18/2017.

- **Non-Deduction or Lower Deduction of TDS**

Interest on NCD received by Debenture holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the IT Act. However, no income tax is deductible at source in respect of the following:

a. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family (**'HUF'**), Debenture Holder does not or is not likely to exceed ₹ 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.

b. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.

(i) When the resident Debenture Holder with Permanent Account Number (**'PAN'**) (not being a company or a firm) submits a declaration in writing in duplicate as per the provisions of Section 197A (1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under Section 197A(1B) of the IT Act,

"Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the aggregate dividend income referred to in Section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

(ii) Senior citizens, who are 60 years of age or more at any time during the financial year, enjoy the special privilege to submit a self-declaration in writing in duplicate in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of Section 197A (1C) of the IT Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is Nil.

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the IT Act.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Form 15G with PAN/ Form 15H with PAN / Certificate issued under Section 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any withholding of tax.

In the case of a non-resident Debenture Holder, he/she should furnish a certificate under Section 197(1) of the IT Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of Section 206AA. Further as per Section 90(2) of the IT Act read with the Circular No. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ***('CBDT'***), in the case of a remittance, to a country with which a Double Taxation Avoidance Agreement (**"DTAA"**) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate (***'TRC'***) is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F electronically along with TRC.

- **Exemption under Sections 54EE, 54F and 115F of the IT Act**

Under Section 54EE of the IT Act, long term capital gains arising to the Debenture Holder(s) on transfer of debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in long term specified asset (a unit or units issued before 01.04.2019) as notified by central government within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹ 50 lakh during any financial year in the notified bonds. Where the benefit of Section 54EE of the IT Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80C of the IT Act.

Under Section 115F of the IT Act, Long Term Capital Gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from Capital Gains tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in Section 10(4B) of the IT Act in accordance with and subject to the provisions contained therein. The exemption would be from the whole of capital gain if the cost of the new asset is not less than the net consideration in respect of the original asset and on a proportionate basis if the cost of the new asset is less than the net consideration in respect of the original asset.

As per the provisions of Section 54F of the IT Act, any long-term capital gains on transfer of a long-term capital asset (not being residential house) arising to a Debenture holder who is an Individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of one residential house or for construction of a residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the Debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is

transferred within a period of three years from the date of its purchase or construction, the amount of Capital Gains tax exempted earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such residential house is transferred. Similarly, if the Debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as Capital Gains in the year in which the additional residential house is acquired.

With effect from the AY:- 2024-25, the Finance Act 2023, has imposed a limit on the maximum deduction that can be claimed by an assessee under Section 54F to rupees ten crore. It has been provided that if the cost of the new asset purchased is more than rupees ten crore, the cost of such asset shall be deemed to be ten crores. This limits the deduction to ten crore rupees. Consequentially, the provisions of sub-section (4) of Section 54F that deals with the deposit in the Capital Gains Account Scheme have also been amended. A proviso has been inserted to provide that the provisions of sub-section (4) of Section 54F, for the purpose of deposit in the Capital Gains Account Scheme, shall apply only to capital gains or net consideration, as the case may be, up to rupees 10 Crores.

Notes:

Note 1: Tax rates

Individuals and Hindu Undivided Families

The FA 2023 has amended Section 115BAC of the IT Act by, *inter alia*, inserting sub-section (1A) thereto to provide that the tax regime provided under Section 115BAC of the IT Act shall be the default tax regime applicable in case of an individual, HUF, AOP (other than a co-operative society), body of individuals or artificial juridical persons, beginning with the financial year 2023-24, except where the assessee specifically opts to be governed by the erstwhile regime.

With effect from AY 2024-25, an Individual or HUF or association of persons or body of individuals (whether incorporated or not) and every artificial juridical person (referred in Section 2(31)(vii)) other than a person who has exercised an option under Section 115BAC(6) for any previous year relevant to the assessment year beginning on or after 01-04-2024 shall be assessed at the rate of tax given in the following table:

Slab	**Tax rate ***
Total income up to ₹ 300,000	Nil
More than ₹ 300,000 but up to ₹ 600,000[@]	5 per cent of excess over ₹ 300,000
More than ₹ 600,000 but up to ₹ 900,000	10 per cent of excess over ₹ 600,000 plus ₹ 15,000
More than ₹ 900,000 but up to ₹ 1,200,000	15 per cent of excess over ₹ 900,000 plus ₹ 45,000
More than ₹ 1,200,000 but up to ₹1,500,000	20 per cent of excess over ₹ 1,200,000 plus ₹ 90,000
More than ₹ 1,500,000	30 per cent of excess over ₹ 1,500,000 plus ₹ 150,000

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable.

[@] resident individual (whose total income does not exceed ₹ 7,00,000) whose income is chargeable to tax under sub-section (1A) of Section 115BAC can avail rebate under Section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or ₹ 25,000, whichever is less. Further, where the total income exceeds ₹ 7,00,000, the assessee shall be entitled for deduction of an amount equal to the amount by which the income-tax payable on the total income exceeds the amount by which the total income exceeds ₹ 7,00,000.

Alternatively, from AY: 2024-25 individuals, HUFs, association of persons, body of individuals (whether incorporated or not) and every artificial juridical person (referred in Section 2(31)(vii)) who have exercised option under Section 115BAC(6) not to be governed by the provisions of Section 115BAC(1A) of the IT Act are taxed in respect of their total income at the following rates.

Slab	Tax rate *
Total income up to ₹ 250,000[#]	Nil
More than ₹ 250,000[#] but up to ₹ 500,000[@]	5 per cent of excess over ₹ 250,000
More than ₹ 500,000 but up to ₹ 1,000,000	20 per cent of excess over ₹ 500,000 plus ₹ 12,500$
Exceeding ₹ 1,000,000	30 per cent of excess over ₹ 1,000,000 plus ₹112,500[$]

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of taxplus surcharge, if applicable.

[@] A resident individual (whose total income does not exceed ₹ 500,000) can avail rebate under Section 87A ofthe IT Act. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or ₹ 12,500, whichever is less.

[#] for resident senior citizens of sixty years of age and above but below eighty years of age, ₹ 250,000 has to be read as ₹ 300,000 and for resident senior citizens of eighty years of age and above ("super senior citizen) ₹ 250,000 has to be read as ₹ 500,000.

[$] Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, ₹ 12,500 has to be read as ₹ 10,000 and ₹ 112,500 has to be read as ₹ 110,000. And for super senior citizen ₹ 12,500 has to be read as Nil and ₹ 112,500 has to be read as ₹ 100,000.

Partnership Firms and LLPs

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health andeducation cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies

Type of Domestic company	Base normal tax rate on income*(other than income chargeable at special rates)	Base MAT Rate*
Domestic companies having turnover or gross receipts of less than ₹ 400 crores in FY 2021-22	25 percent	15 percent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 percent	15 percent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 percent	Not Applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing up to 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 percent	Not Applicable
Domestic companies not falling under any of the above category	30 percent	15 percent

* plus, surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable.

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessees other than firms and co-operative societies (other than FPIs)

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act) does not exceed ₹ 50 lakh	Nil
Where total income (including dividend income and income under the provisions of Section 111A, 112 and	10 per cent on total tax

Particulars	Rate of Surcharge
Section 112A of the IT Act) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	
Where total income (including dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act) exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of Section 111A, 112 and Section 112A of the Act) does not exceed ₹ 2 crores but total income (including dividend income and income under the provisions of Section 111A, 112 and Section 112A of the Act) exceeds ₹ 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act) exceeds ₹ 2 crore but does not exceed ₹ 5 crore	25 per cent on tax on income excluding dividend income and income under the provisions of Section 111A. 112 and Section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act
Where total income (excluding dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act) exceeds ₹ 5 crore	37 per cent[#$] on tax on income excluding dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of Section 111A, 112 and Section 112A of the IT Act
In case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent.	

[#$] In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made Section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of Section 115BAC, in which case, the highest rate of surcharge rate shall be 37%.

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act.

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

FPIs (Non – corporate)

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) does not exceed ₹ 50 lakh	Nil
Where total income (including dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) exceeds ₹ 50 lakh but does not exceed ₹ 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) exceeds ₹ 1 crore but does not exceed ₹ 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) does not exceed ₹ 2 crore but total income (including dividend income or income of the nature referred to in Section 115AD(1)(b) of the Act) exceeds ₹ 2 crore	15 per cent on total tax

Where total income (excluding dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) exceeds ₹ 2 crore but does not exceed ₹ 5 crore	25 per cent on tax on income excluding dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act
Where total income (excluding dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act) exceeds ₹ 5 crore	37 per cent[#$] on tax on income excluding dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in Section 115AD(1)(b) of the IT Act

[#$] In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made Section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of Section 115BAC, in which case, the highest rate of surcharge rate shall be 37%.

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act.

A health and education cess of 4 percent is payable on the total amount of tax plus surcharge.

For assessees other than those covered above

Particulars	**Rate of surcharge applicable**
Non-corporate taxpayers being firms	Nil where taxable income does not exceed ₹1 crore
	12 per cent where income exceeds ₹ 1 crore
Non-corporate taxpayers being co-operative society	Nil where taxable income does not exceed ₹1 crore
	7 per cent where income exceeds ₹ 1 crore but does not exceed ₹ 10 crore
	12 per cent where income exceeds ₹ 10 crore
Domestic companies (other than companies availing benefit under Section 115BAA and Section 115BAB of the IT Act)	Nil where taxable income does not exceed ₹ 1 crore
	7 per cent where taxable income does not exceed ₹ 1 crore but does not exceed ₹ 10 crore
	12 per cent where taxable income exceeds ₹10 crore
Domestic companies availing benefit under Section 115BAA and Section 115BAB of the IT Act	10 per cent (irrespective of taxable income)
Foreign Companies (including corporate FPIs)	Nil where taxable income does not exceed, is equal to or less than ₹ 1 crore
	2 per cent where taxable income exceeds ₹ 1 crore but does not exceed ₹ 10 crore
	5 per cent where taxable income exceeds ₹ 10 crore

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act.

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Note 3: Taxability of interest income

For all Residents (including Indian Corporates)

In case of residents, where interest income is taxable as 'income from other sources' or 'income from business or profession' should be chargeable to tax as per the rates given in Note 1 and Note 2 above.

For Non-residents (other than FPIs and FPI entities)

In case of non-residents, under the IT Act, the interest income would be chargeable to tax at the rate of 30 / 40 per cent depending on the status (i.e. corporate / non-corporate) and nature of income of the non-resident (plus applicable surcharge and health and education cess).

However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (**"CTA"**) entered into by the Government of India.

A non-resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:

(a) Under 115C(e) of the IT Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

(b) Under Section 115E of the IT Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%.

(c) Under Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the IT Act, if his total income consists only of investment income as defined under Section 115C(c) and/or Long Term Capital Gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act in accordance with and subject to the provisions contained therein.

(d) Under Section 115H of the IT Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under Section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

In accordance with and subject to the provisions of Section 115I of the IT Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In that case, Investment income, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the IT Act.

For FPI entities

The interest income earned by FPI should be chargeable at the rate of 20 per cent (plus applicable surcharge and health and education cess) under Section 115AD of the Income Tax Act, unless they qualify for concessional rate under Section 194LC of the IT Act.

However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (**"CTA"**) entered into by the Government of India.

Note 4: Regular capital gains tax rates

1. Tax on Long-term Gains

As per the provisions of Section 2(29A) of the IT Act, read with Section 2(42A) of the IT Act, a listed debenture is treated as a long-term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer and treated as a short-term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

1.1 For all Residents (including Indian Corporates)

Long-term Capital Gains (other than long-term capital gains chargeable under Section 112A of the IT Act) will be chargeable to tax under Section 112 of the IT Act, at a rate of 20 per cent (plus applicable surcharge and health and education cess respectively – Refer Note 2) with indexation benefit after reducing indexed cost of acquisition. The Capital Gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess– Refer Note 2) in respect of listed securities (other than a unit) or zero-coupon bonds (as defined).

However, as per the fourth proviso to Section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to Section 48 of the IT Act, is not available in case of bonds, debentures, except for capital indexed bonds issued by the Government and sovereign gold bonds issued by RBI. Accordingly, long term capital gains on listed bonds/debentures arising to the bond holders, would be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such Long-Term Capital Gains is below the maximum amount which is not chargeable to income-tax, then, such Long-Term Capital Gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such Long Term Capital Gains shall be computed at the rate mentioned above.

1.2 For Resident Individuals and HUFs only

Where the taxable income as reduced by long-term capital gains is below the exemption limit, the long-termcapital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be charged at a rate of 20 per cent with indexation (plus applicable surcharge and health and education cess – Refer Note 2).

Alternatively, the tax rate may be reduced to 10 per cent without indexation (plus applicable surcharge and health and education cess – Refer Note 2) in respect of listed securities (other than a unit) or zero-coupon bonds as defined.

However, as per the fourth proviso to Section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to Section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds issued by the Government and sovereign gold bonds issued by RBI. Accordingly, long term capital gains on listed bonds/debentures arising to the bond holders, would be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

1.3 For Non-Resident Individuals

Long-term capital gains (other than long-term capital gains chargeable under Section 112A of the IT Act) in case of listed securities will be chargeable under Section 112 of the IT Act at the rate of 20 per cent (plus applicable surcharge and health and education cess – Refer Note 2) with applicable foreign exchange fluctuation benefit or indexation, as the case may be. The tax payable (for other than a listed unit) could alternatively be determined at 10 per cent (plus applicable surcharge and health and education cess – Refer Note 2) without indexation.

However, as per the fourth proviso to Section 48 of the IT Act, benefit of indexation of cost of acquisition under second proviso to Section 48 of the IT Act, is not available in case of bonds, debentures, except capital indexed bonds issued by the Government and sovereign gold bonds issued by RBI. Accordingly, long term capital gains on listed bonds/debentures arising to the bond holders, would be subject to tax at the rate of 10 per cent, computed without indexation, as the benefit of indexation of cost of acquisition is not available in the case of debentures.

The above-mentioned rates would be subject to applicable treaty relief.

A non-resident Indian has an option to be governed by Chapter XII-A of the IT Act, subject to the provisions contained therein which are given in brief as under:

(a) Under Section 115E of the IT Act, Long Term Capital Gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term Capital Gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

(b) As per Section 115F of the IT Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in Section 10(4B) of the I. T. Act in accordance with and subject to the provisions contained therein. However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains claimed earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

(c) Under Section 115G of the IT Act, it shall not be necessary for a non-resident Indian to file a return of income under Section 139(1) of the IT Act, if his total income consists only of investment income as defined under Section 115C(c) and/or Long Term Capital Gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act in accordance with and subject to the provisions contained therein.

(d) Under Section 115H of the IT Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under Section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

In accordance with and subject to the provisions of Section 115I of the IT Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the IT Act. In that case:

(a) Long Term Capital Gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

(b) Investment income and Short-Term Capital Gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the IT Act.

Without prejudice to the fact that the NCDs to be issued by the company are not MLD (as has been concluded at the outset), where, for whatsoever reasons, the NCDs are treated as MLDs, then in such cases, as per the amendment by the FA 2023, the capital gains arising on transfer or redemption or maturity of such NCDs shall be deemed to be capital gains arising from transfer of a short-term capital asset. Further, in computing the capital gains, no deduction shall be allowed for Securities Transaction Tax (**"STT"**) paid, if any.

1.4 For FPI entities

As per Section 2(14) of the IT Act, any securities held by FIIs / FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs / FPIs as capital gains.

As per Section 115AD of the IT Act, long term capital gains on transfer of NCDs by FPI are taxable at 10 per cent (plus applicable surcharge and cess) without indexation and foreign exchange fluctuation benefit.

The above-mentioned rates would be subject to applicable treaty relief.

2. Tax on Short-term Capital Gains

Short-term capital gains on transfer of listed debentures, where debentures are held for a period of not more than 12 months are chargeable to tax as per the applicable general tax rates (discussed in Note 1 and Note 2 above).

In the case of Individual/HUF, being a resident, the provisions relating to maximum amount not chargeable to tax described at para 1.1 above relating to Long Term Capital Gains, would also apply to such Short-Term Capital Gains.

In case of FPI, as per Section 115AD of the IT Act, short term capital gains on transfer or sale of NCDs are taxable at the rate of 30 per cent (plus applicable surcharge and health and education cess – Refer Note 2).

Without prejudice to the fact that the NCDs to be issued by the issuer are not MLD (as has been concluded at the outset), where, for whatsoever reasons, the NCDs are treated as MLDs, then in such cases, as per the amendment by the FA, 2023, the capital gains arising on transfer or redemption or maturity of such NCDs shall be deemed to be capital gains arising from transfer of a short-term capital asset. Further, in computing the capital gains, no deduction shall be allowed on account of Securities Transaction Tax (**"STT"**) paid, if any.

3. Treatment of short-term and long-term Losses and other provisions

As per Section 74 of the IT Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the IT Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities may seek to challenge the said characterization and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset /stock in trade.

Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the IT Act.

Note 5: Relevant definitions under the IT Act

"Non-resident Indian" means an individual, being citizen of India or of Indian origin who is not a "resident". as per provisions of the IT Act. A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents was born in undivided India.

"Securities" shall have the same meaning as assigned in Section 2(h) of the Securities and Contracts (Regulation) Act, 1956, which, *inter alia*, includes:

- shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate.
- derivative.

- units or any other such instrument issued to the investors under any mutual fund scheme; and
- rights or interest in securities.

For the purpose of Section 112 of the IT Act:

- "*Listed securities*" means the securities which are listed on any recognized stock exchange in India.
- "*Unlisted securities*" means securities other than listed securities.

"Zero coupon bond" means a bond:

- issued by any infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank on or after 1 June 2005;
- in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank; and
- which the Central Government may, by notification in the Official Gazette, specify in this behalf.

Note 6: Requirement to furnish Permanent Account Number ("PAN") under the ITAct

Section 139A(5A) requires every person from whose income tax has been deducted under the provisions of chapter XVIIB of the IT Act, to furnish his PAN to the person responsible for deduction of tax at source.

Section 139A (6A) of the IT Act requires every person entering into specified transactions, as may be prescribed, to quote his PAN or Aadhaar number, in the documents pertaining to such transactions and also authenticate such PAN or Aadhaar number, in the manner prescribed.

Section 206AA of the IT Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

(i) at the rate specified in the relevant provision of the IT Act; or
(ii) at the rate or rates in force; or
(iii) at the rate of twenty per cent.

(A declaration under Section 197A (1) or 197A (1A) or 197A (1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para above in such a case.)

Section 206AA of the IT Act provides that the provisions shall not apply to non-residents in respect of payment of interest on long-term bonds as referred to in Section 194LC and any other payment subject to such conditions as may be prescribed.

Further, the CBDT, by its notification dated 24 June 2016 introduced Rule 37BC of the Rules which provided that the provisions of Section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payments on transfer of capital assets provided the non-residents provides the following information to the payer of such income:

- Name, email-id, contact number.
- Address in the country or specified territory outside India of which the deductee is a resident.
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate.
- Tax Identification Number of the deductee in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Further the provisions of Section 206AA shall not apply in respect of payments made to a person being a non-resident, not being a company, or a foreign company, if the provisions of Section 139A do not apply to such person on account of Rule 114AAB.

Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and provisions of higher TDS as above will apply.

The Finance Act, 2021 has inserted a Section 206AB for punitive withholding tax rate for non-filers of return of income.

- As per Section 206AB of the IT Act, inserted by the FA 2021, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:
    - twice the rate specified in the relevant provision of the IT Act; or
    - twice the rate or rates in force; or
    - the rate of 5%

- In cases, where both Section 206AA and Section 206AB are applicable, taxes shall be deducted at higher of the rate prescribed under both the Sections.

- For the purpose of this Section, specified person means any person:
    - who has not filed an income-tax return for the Assessment Year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted and for which the prescribed time limit to file the income-tax return under section 139(1) of the IT Act has expired; and
    - the aggregate amount of TDS/TCS exceeds INR 50,000 or more in the said previous year

- Specified person shall not include a non-resident who does not have a permanent establishment in India or a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the central government in the official gazette in this behalf.

Note 7: Taxability of Gifts received for nil or inadequate consideration

As per Section 56(2)(x)(c) of the IT Act, where any person receives debentures in any previous year from any person or persons on or after 1st April, 2017

(i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
(ii) for a consideration which is less than the aggregate fair market value of the debentures by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration; shall be taxable as the income of the recipient at the normal rates of tax. The fair value of securities shall be determined in accordance with Rule 11UA of Income Tax Rules.

However, this provision would not apply to any receipt:

(i) From any relative; or
(ii) On the occasion of the marriage of the individual; or
(iii) Under a will or by way of inheritance; or
(iv) In contemplation of death of the payer or donor, as the case may be; or
(v) From any local authority as defined in Section 10(20) of the IT Act; or
(vi) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
(vii) From any trust or institution registered under Section 12A or Section 12AA or Section 12AB: or
(viii) By any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv)/(v)/(vi)/(via) of clause (23C) of Section 10; or
(ix) By way of transaction not regarded as transfer under clause (i)/(iv)/(v)/(vi)/(via)/(viaa)/(vib)/(vic)/(vica)/(vicb)/(vid)/(vii)/(viiac)/(viiiad)/(viiiae)/(viiiaf) of Section 47; or
(x) From any individual by a trust created or established solely for the benefit of relative of the individual.
(xi) From such class of persons and subject to such conditions as may be prescribed.
(xii) By an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf.
(xiii) By a member of the family of a deceased person:
    (A) from the employer of the deceased person; or
    (B) from any other person or persons to the extent that such sum or aggregate of such sums does not exceed ten lakh rupees, where the cause of death of such person is illness related to COVID-19 and the payment is:
        (i) received within twelve months from the date of death of such person; and

(ii) subject to such other conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

There is no gift tax for the Donor of the Debentures.

Note 8: Other Provisions

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the applicable Double Taxation Avoidance Agreement (**"DTAA"**), whichever is beneficial to the non-resident, unless a lower withholding tax certificate is obtained from the tax authorities.

However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of Section 90(4) of Act.

Pursuant to amendment in Section 206AA of the Act read with Rule 37BC of Rules, requirement of quoting permanent account number (**"PAN"**) in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said Rule.

Other Notes to Statement:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures.
- The above statement covers only certain relevant benefits under the Income Tax Act, 1961 and does not cover benefit under any other law.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her/its holding in the Debentures of the Company.
- The stated benefits will be available only to the sole/first named holder in case the debenture is held by joint holders.
- In respect of non-residents, the tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty/ DTAA.
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views expressed herein are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. No responsibility is assumed to update the views consequent to such changes.
- Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A/195 of the IT Act.
- The above Statement of possible tax benefits is as per the current direct tax laws (with the amendments made by the FA 2023) relevant for the Assessment year 2024-25 ***i.e.*** Financial Year 2023-24. Several of these benefits are dependent on the Company or its Debenture Holders fulfilling the conditions prescribed under the relevant tax laws.
- This Statement does not discuss any tax consequences in the country outside India of an investment in the Debentures. The subscribers of the Debentures in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.
- This Statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti- Avoidance Rules and provisions of Multilateral Instruments.

SECTION IV – INDUSTRY AND COMPANY OVERVIEW

INDUSTRY OVERVIEW

The information presented in this Chapter has been obtained from publicly available information from various sources including stock exchanges, industry websites, from publications and government and company estimates. The data may have been re-classified by us for the purpose of presentation.

The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, there is no assurance that the basis of the data included in the said report or the findings thereof are completely accurate or reliable. Industry and government publications are also prepared based on information as on specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

The chapter also contains certain information, data and statistics extracted from the report prepared by research services of ICRA Limited viz. "NBFC Retail and Commercial Finance- 31 October 2023- Retail Sector Outlook

All such information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Further the industry Chapter may be updated from time to time subject to availability of updated data from websites, reports and other documents referenced in this chapter.

OVERVIEW OF THE INDIAN ECONOMY

India, with a Gross Domestic Product (**"GDP"**) in terms of Gross Value Added {GVA} of ₹ 1,47,64,480 crore (at constant price on new series 2011-12 base) [*Source: Press Note on First Advance Estimates of National Income 2022-23 dated May 2023]* at the end of financial year 2022, is the Fifth largest economy in the world after USA, China, Japan, and Germany.

With the change in base from 2004-05 level to new series of 2011-12 and change in the concept of GDP to GVA, the growth parameters in terms of GVA over last three years can be considered to be reasonable and the GDP degrowth for the year 2020-21 at Constant Prices (2nd RE) was reported to be 4.2%. The provisional estimates for the FY 2022-23 the GDP in terms of GVA was ₹ 1,47,64,480 crore (at constant price on new series 2011-12 base.). *(Source: GoI, Ministry of Statistics & Programme Implementation Press release dated May 31, 2023, 2023)*

The Real GDP estimated to be 7% in 2022-23 as compared to 8.8% in 2021-22.

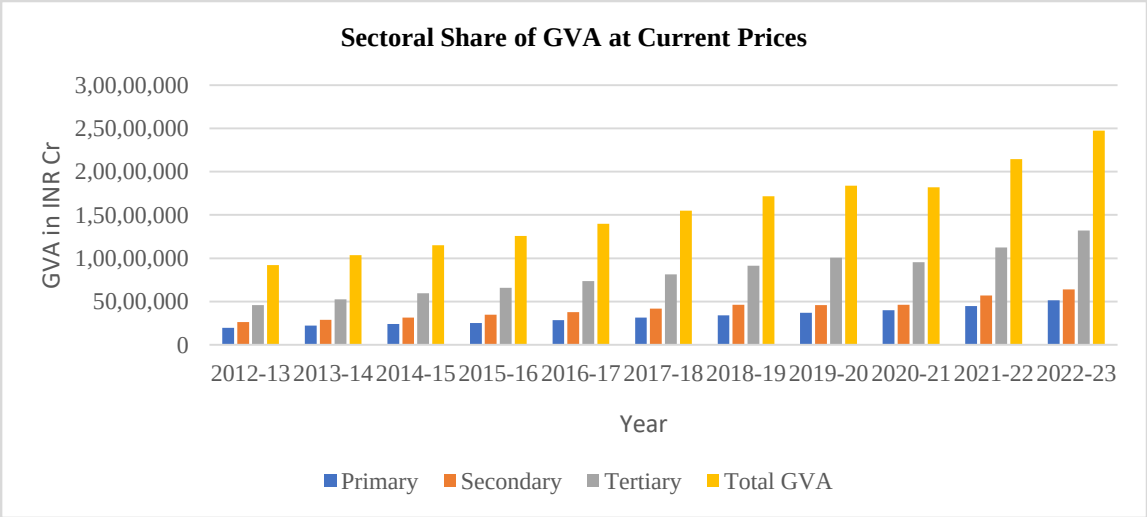
A snapshot on the sectoral growth of GDP for the last three years at constant price (new series 2011-12 prices) with provisional estimates for FY 2022-23 is furnished below:

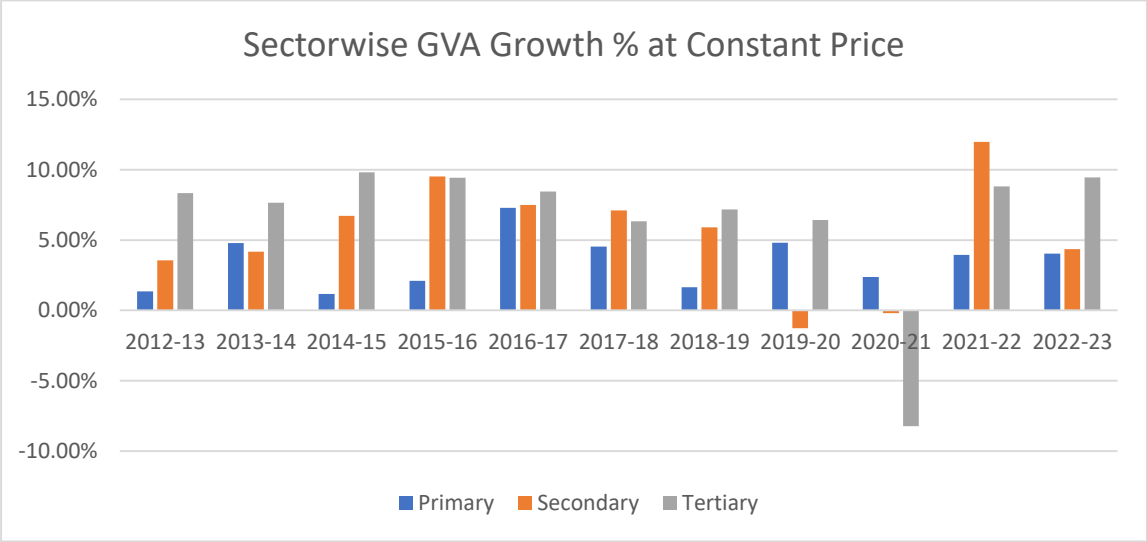
YoY Growth (%)	2020-21 (2nd RE)	2021-22 (1st RE)	2022-23 (PE)
GVA (₹ Cr)	1,26,81,482	1,37,08,925	1,47,64,840
Growth over previous years (%)	(4.2)	8.8	7.0
Net Taxes On Products (₹ Cr)	1,005,636	1,127,815	1,241,585
Growth over previous years (%)	-22.6	12.1	10.1
1. Agriculture, Forestry & Fishing (%)	4.1	3.5	4
II. Industry (%)			
2. Mining & Quarrying (%)	(8.6)	7.1	4.6

YoY Growth (%)	2020-21 (2nd RE)	2021-22 (1st RE)	2022-23 (PE)
3. Manufacturing (%)	2.9	11.1	1.3
4. Electricity, Gas & Water Supply (%)	(4.3)	9.9	9.0
5. Construction (%)	(5.7)	14.8	10.0
III. Services (%)			
6. Trade, Hotels, Transport, communication and services related to broadcasting (%)	(19.7)	13.8	14.0
7. Financial, Real Estate & Professional services (%)	2.1	4.7	7.1
8. Public Administration, Defence and other services (%)	(7.6)	9.7	7.2
GVA at Current Prices (₹ Cr)	**1,81,88,780**	**2,14,38,883**	**2,47,42,871**

Source: (GOI MoS&PI Press notes dated May, 2023 and Annual Estimates of National Income and Expenditure on GDP, 2022-23- Statement 12 &13)

Growth and share in GVA at constant & current (2011-12) prices (in %)





(Source: Press Note on Estimates of National Income, May 31, 2023 released by Ministry of Statistics and Program implementation Government of India. Charts are derived from Statement 3: Provisional Estimates of GVA at Basic Prices by Economic Activity (at 2011- 12 Prices) and Statement 4: Provisional Estimates of GVA at Basic Prices by Economic Activity (at Current Prices) of the above note.

Impact of Crude Oil prices:

The average crude oil (Indian basket) prices have increased from US$ 79.18 in 2020-2021 to US$ 83.50 in 2023-24. The prices during July 2023 - September 2023 witnessed a hike and was hovering around US$ 80.37 to US$ 93.54 and has started to taper off since then. The average price for November 23 was around US$ 84. Going by the recent trends, the average crude oil prices could be in the vicinity of US$ 85 per barrel in the current financial year. Any increase in Indian Crude basket would have an impact on the GDP growth and in turn could affect the Commercial vehicle industry. (Source: Web site of Petroleum Planning and analysis cell of Ministry of Petroleum GoI Accessed on November 21, 2023)

Global Prospect and Indian Economy

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort. Economic activity still falls short of its pre pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine and increasing geoeconomic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a downward revision of 0.1 percentage point in 2024, reflecting the property sector crisis in China. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to target until 2025 in most cases.

There is little margin for error on the policy front. Central banks need to restore price stability while using policy tools to relieve potential financial stress when needed. As Chapter 2 explains, effective monetary policy frameworks and communication are vital for anchoring expectations and minimizing the output costs of disinflation. Fiscal policymakers should rebuild budgetary room for maneuver and withdraw untargeted measures while protecting the vulnerable. Reforms to reduce structural impediments to growth—by, among other things, encouraging labor market participation - would smooth the decline of inflation to target and facilitate debt reduction. Faster and more efficient multilateral coordination is needed on debt resolution to avoid debt distress. Cooperation is needed as well to mitigate the effects of climate change and speed the green transition, including (as Chapter 3 explains) by ensuring steady cross-border flows of the necessary minerals.

The WEO October 2023 update also indicates that securing global disinflation, containing the reemergence of Covid 19 (wr.t. China), ensuring financial stability and supporting vulnerable as the policy priorities for 2023.

Overview of the world economic outlook projections

Country/Group	2022	2023	2024
China	3.0	5.0	4.2
ASEAN-5	5.5	4.2	4.5
Euro	3.5	0.7	1.6
India	**7.2**	**6.3**	**6.3**
Japan	1.0	2.0	1
United Kingdom	4.1	0.5	0.6
United States	2.1	2.1	1.5
World	3.5	3.0	2.9

(Source: WEO October 2023 update)

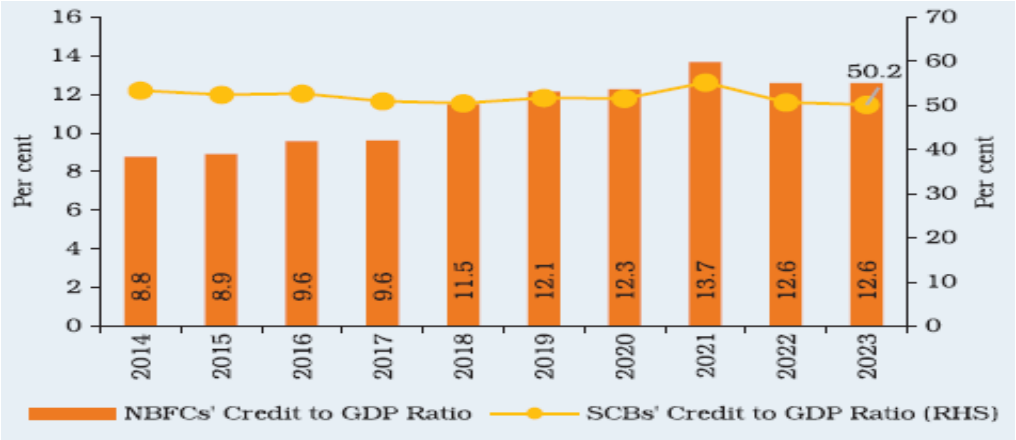
NON-BANKING FINANCIAL COMPANIES (NBFCs) (Other than the Industry report provided by an independent agency the data to be updated by MB based on RBI or other Public domain sources will be done post receipt of Trends of Banking, normally released in December every year)

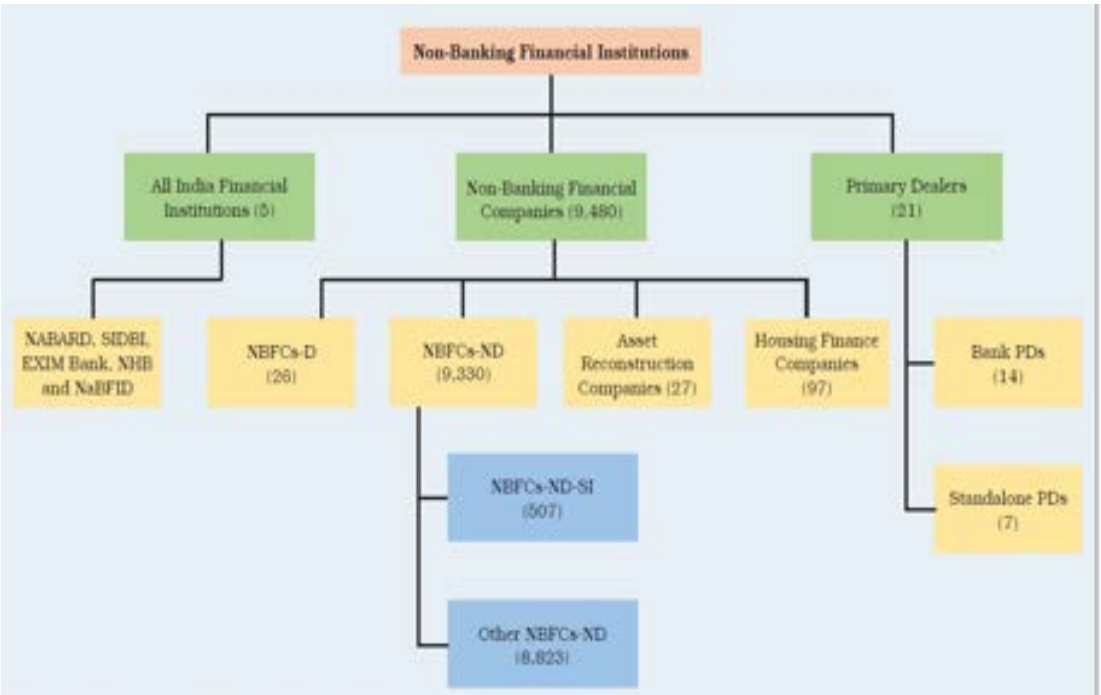
Overview

NBFCs are an integral part of the Indian financial system. They have consolidated their position in recent years, as reflected in a gradual NBFCs are an integral part of the Indian financial system. They have consolidated their position in recent years, as reflected in a gradual rise in their credit intensity (credit to Gross Domestic Product (GDP) ratio) as well as the relative importance in credit provision vis-à-vis scheduled commercial banks (SCBs).

With the implementation of Scale Based Regulation (SBR) from October 2022, NBFCs have been segregated into four layers, namely, a Base Layer (NBFC-BL), a Middle Layer (NBFC- ML), an Upper Layer (NBFC-UL) and a Top Layer (NBFC-TL), based on size, activity, and the perceived level of riskiness (Chart VI.3). The top ten eligible NBFCs in terms of asset size shall always reside in the upper layer, along with other NBFCs that are identified on the basis of a set of parameters and scoring methodology. Accordingly, 15 NBFCs 6 (including five HFCs) have been placed in the upper layer and are subjected to enhanced regulatory oversight. The top layer will ideally remain empty unless the Reserve Bank identifies a considerable rise in potential systemic risk from any NBFC in the upper layer, which will be moved to the top layer. To ensure adequate capital to mitigate risks and strengthen internal risk management techniques, NBFC-ML and NBFC-UL are required to make internal capital assessments on lines similar to the Internal Capital Adequacy Assessment Process (ICAAP) prescribed for commercial banks under Pillar 2 of Basel-III norms. While Pillar 2 capital has not been made mandatory, NBFCs are expected to factor in credit risk, market risk, operational risk, and all other residual risks to decide the level of capital, as per an internally determined methodology. A large exposure framework has also been prescribed for NBFC-UL to limit concentration risks arising from exposure to a single counterparty or a group of connected counterparties. The Prompt Corrective Action (PCA) framework for NBFCs in the upper and middle layer, which became operational from October 2022, will also be extended to government NBFCs (except those in the base layer) from October 2024. The extant regulations prescribe that companies intending to commence NBFC activities must have at least `10 crore as net owned funds (NOF). The NOF requirement for existing NBFC-ICC, NBFC-MFI and NBFC-Factors will be raised to `10 crores by March 2027 following a glide-path. Apart from scale, the new regulatory framework retains activity-based regulation. The number of registrations and cancellations of Certificate of Registrations (CoR) of NBFCs rose in 2022-23 (Chart VI.4). Apart from cancellation of CoR by the Reserve Bank, many NBFCs surrendered their licences for business reasons or other considerations. Violations of extant regulations and guidelines on outsourcing and Fair Practices Code (FPC) by some NBFCs had led to cancellation of their licenses. To address concerns relating to unbridled engagement of third parties, mis- selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices, the Reserve Bank released guidelines on digital lending in September 2022 to support orderly growth of credit delivery through digital lending methods.

As deposits accepted by NBFCs-D are not insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC), the Reserve Bank has adopted a cautionary approach, mandating that NBFCs-D with minimum investment grade rating for their fixed deposits shall accept fixed deposits from the public up to a limit of 1.5 times of their NOF and for a tenure of 12 to 60 months only, with interest rates capped at 12.5 per cent. In May 2022, it was mandated that minimum investment grade credit rating of 'BBB-' from any of the SEBI-registered credit rating agencies would be necessary for deposits of NBFCs.





Notes: 1. Figures in parentheses indicate the number of institutions (Provisional).
2. The number of NBFCs is at end-September 2023 and the number of HFCs is at end-March 2023.
3. Based on asset/liability structure, NBFCs are categorised into deposit-taking NBFCs (NBFCs-D) and non-deposit taking NBFCs (NBFCs-ND). Within NBFCs-ND, NBFCs with asset size of ₹500 crore or more are called non-deposit taking systemically important NBFCs (NBFCs-ND-SI) and the remaining are other NBFCs-ND. Under scale based regulation (SBR), a layer-wise regulatory structure is envisaged for NBFCs. Accordingly, all references to NBFC-ND, NBFC-ND-SI and NBFC-D shall mean NBFC-BL,NBFC-ML or NBFC-UL, as laid out in the SBR framework.
4. Although standalone PDs are registered as NBFCs under Section 45-IA of RBI Act, 1934, they have also been kept under PDs in this chart.
5. NBFCs-ND includes 53 CICs.

Source: RBI.

NBFC Structure

Initially the NBFCs were categorized into 2 major categories Systematically Important **("SI")** Deposit taking (D) and Non-Deposit taking. The NBFCs (SI-D) were sub-classified as (a) Loan Company (b) Investment Company (c) Assets Finance Company and (d) Residuary NBFCs. Under NBFCs (SI-ND) these were classified as (i) Loan Company (ii) investment company (iii) Asset Finance Company (iv) Infra Finance Company (v) Core Investment Company and (vi) Infrastructure Debt Fund. Recently, RBI has harmonized the classifications of NBFCs by activity as per details as under:

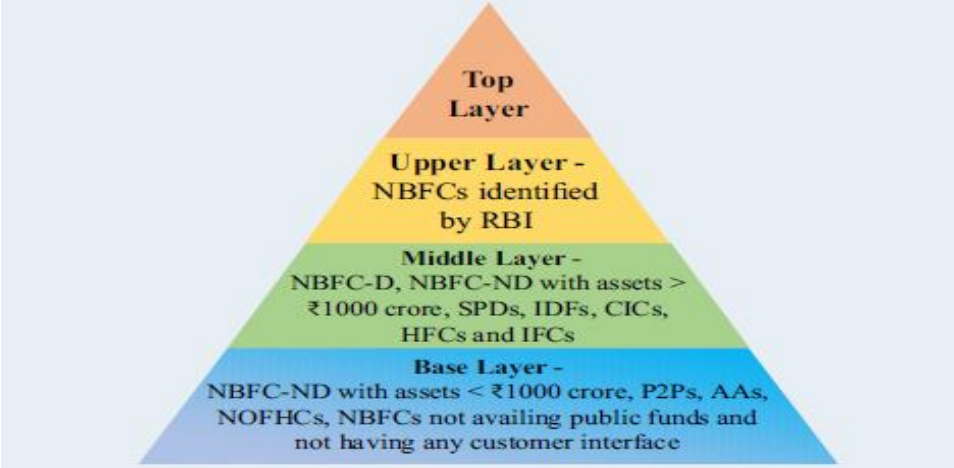
Sl. No	Classification	Activity	Layer
	1	2	3
1.	Investment and Credit Company (NBFC-ICC)	Lending which supports productive/ economic activities and acquisition of securities for investment.	Any layer, depending on the parameters of the scale based regulatory framework.
2.	NBFC - Infrastructure Finance Company (NBFC-IFC)	Infrastructure loans.	Middle layer or Upper layer, as the case may be.
3.	Core Investment Company (CIC)	Investment in equity shares, preference shares, debt, or loans of group companies.	Middle layer or Upper layer, as the case may be.
4.	NBFC - Infrastructure Debt Fund (NBFC-IDF)	Facilitation of flow of long-term debt post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory performance and finance toll operate transfer project as the direct lender.	Middle layer
5.	NBFC-Micro Finance Institution (NBFC-	Providing collateral free small ticket loans to economically disadvantaged groups.	Any layer, depending on the parameters of the scale based

Sl. No	Classification	Activity	Layer
	MFI)		regulatory framework.
6.	NBFC-Factors	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.	Any layer, depending on the parameters of the scale based regulatory framework.
7.	NBFC-Non-Operative Financial Holding Company (NBFC-NOFHC)	Facilitation of promoters/ promoter groups in setting up new banks.	Base layer
8.	Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business.	Any layer, depending on the parameters of the scale based regulatory framework.
9.	NBFC-Account Aggregator (NBFC-AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised, and retrievable manner to the customer or others as specified by the customer.	Base layer
10.	NBFC–Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds.	Base layer
11.	Housing Finance Company (HFC)	Financing for purchase/ construction/ reconstruction/ renovation/ repairs of residential dwelling units.	Middle layer or Upper layer, as the case may be.
Notes: 1. Standalone Primary Dealers (SPDs) lie in the middle layer. 2. Government NBFCs lie in either base or middle layer. *Source: RBI*			

Number of different types of NBFCs in India

As at March 31	NBFC-D	NBFC-ND-SI	NBFC-ND	Total
2019	88	263	9,308	9,659
2020	64	285	9,133	9,482
2021	52	312	9,188	9,552
2022	49	415	9052	9467

(Source: RBI Report on Trend and Progress of Banking in India 2022 -23 dated December 27, 2023-Chapter VI-Non Banking Financial Institutions- Table VI.1: Classification of NBFCs by activity)



Notes: 1. NBFCs-D, CICs, NBFC-IFCs and HFCs will be included in the middle or the upper layer.
2. The remaining NBFCs, *viz*., NBFC-ICC, NBFC-MFI, NBFC-Factors and NBFC-MGC could lie in any of the layers depending on the parameters of SBR.
3. Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be.

Source: RBI.

Our company being an Asset Finance Company is categorized as NBFC-ICC.

Under the Scale Based Review Framework notification, our company is categorized as NBFC-D in Middle Layer (large corporate NBFC) and all regulatory requirements applicable for NBFC-D-ML would be applicable to our company.

Ownership pattern of NBFCs and Growth

Ownership Pattern of NBFCs						
(At end-March 2023)						
						(Amount in ₹ crore)
NBFC-ND-SI				**NBFC-D**		
Type	**Nos**	**Asset Size**	**Asset share %**	**Nos**	**Asset Size**	**Asset share %**
1	2	3	4	5	6	7
A. Government Companies	**19**	**16,66,326**	**43**	**5**	**74,335**	**11.2**
B. Non-government Companies (1+2)	**473**	**22,09,876**	**57**	**31**	**5,86,602**	**88.8**
1. Public Limited Companies	54	5,12,337	13.2	10	5,81,466	88
2. Private Limited Companies	419	16,97,539	43.8	21	5,136	0.8
Total (A+B)	**492**	**38,76,202**	**100**	**36**	**6,60,937**	**100**
Notes: 1. The number of NBFCs-D registered with RBI at end - March 2023 was 39. The data in the table pertain to the reporting entities.						
2. Data are provisional.						
Source: Supervisory Returns, RBI.						

The NBFC sector is dominated by non- deposit taking systemically important NBFCs (NBFCs-ND-SI), with a share of 85.4 per cent in the total assets of the sector at end-March 2023. This category mainly consists of non-government companies, although a few large government companies have a significant share in assets

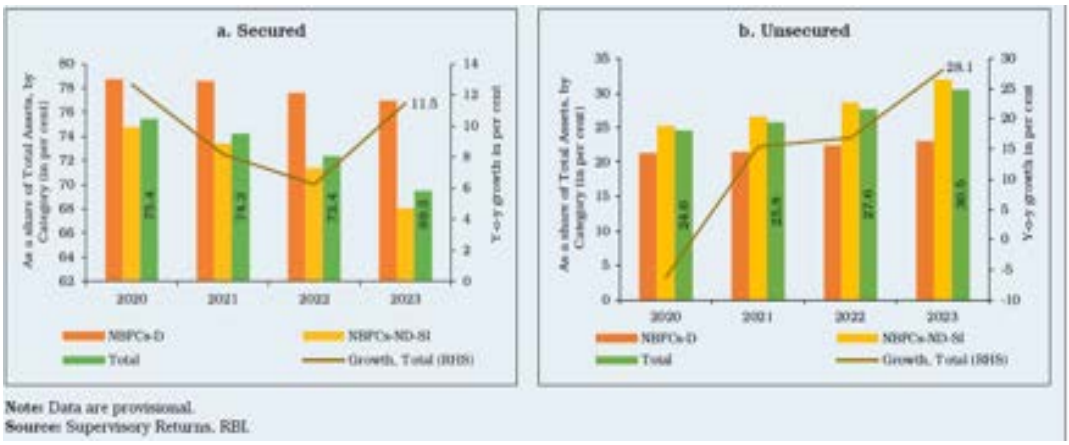
Deposit taking NBFCs (NBFCs-D) accounted for 14.6 per cent of the total assets of the NBFCs at end-March 2023. This category is dominated by non-government public limited companies, comprising 88 per cent of total assets of NBFCs-D

(Source: Report on Trend & Progress of Banking in India, 2022-23 (released in December 2023) by RBI)

Balance Sheet Size

The pace of expansion in the balance sheet of NBFCs accelerated in 2022-23 (Table VI.3). This was led by double digit credit growth, mainly on account of unsecured loans. Growth in investments decelerated while cash and bank balances contracted. NBFCs improved their capital positions to cater to the rise in credit demand. Amidst tightening liquidity conditions and increasing competition from banks in segments like vehicle loans and loans against gold, NBFCs focused on lending to segments such as unsecured loans, micro-finance loans and MSMEs.

The growth of unsecured loans (28.1 per cent) was more than twice that of secured loans (11.5 per cent). As a result, the share of secured loans in total NBFCs credit fell from 72.4 per cent at end-March 2022 to 69.5 per cent at end-March 2023, while that of unsecured loans inched up from 27.6 per cent to 30.5 per cent over the same period. NBFCs-D have a relatively higher share of secured loans in their lending portfolio, in contrast to NBFCs-ND-SI.



(A) **Abridged Balance Sheet of NBFCs**

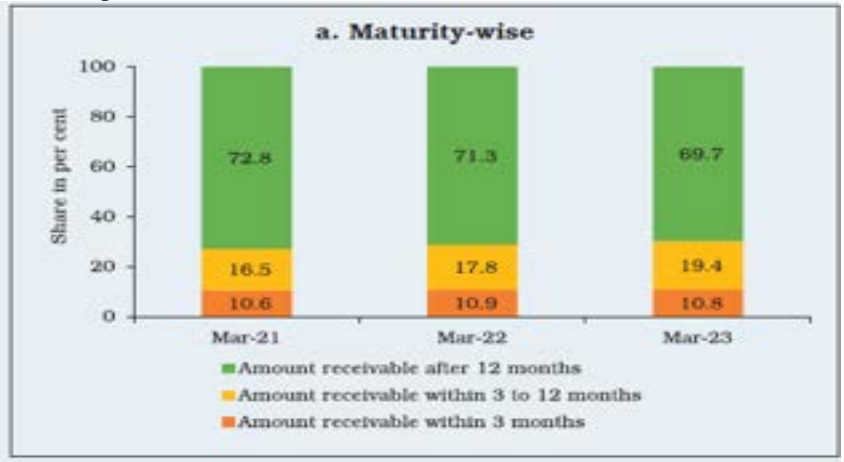
(₹ Crore)

Items	At end March 2022	At End March 2023	At end-September 2023
1. Share Capital & Reserves	9,77,245	11,06,643	10,72,556
	(19.3)	(13.2)	(3.6)
2. Public Deposits	70,539	85,254	96,156
	(13.3)	(20.9)	(23.2)
3. Debentures	10,14,611	11,10,234	11,45,536
	(3.3)	(9.4)	(10.6)
4. Bank Borrowings	9,20,555	11,33,221	11,97,626
	(18.8)	(23.1)	(22.3)
5. Commercial Paper	70,266	84,366	1,14,109
	(-3.2)	(20.1)	(47.1)
6. Others	8,99,347	10,17,422	10,84,158
Total Liabilities/ Assets	**39,52,564**	**45,37,139**	**47,10,141**
1. Loans & Advances	29,52,442	34,26,970	36,93,921
	(9.0)	(16.1)	(20.0)
2. Investments	5,88,527	6,57,723	5,79,903
	(27.2)	(11.8)	(-8.3)
3. Cash & Bank Balances	1,79,031	1,74,972	1,86,057
	(12.6)	(-2.3)	(-2.0)
4. Other Assets	2,32,564	2,77,474	2,50,260
	(17.6%)	(19.3)	(-4.2)

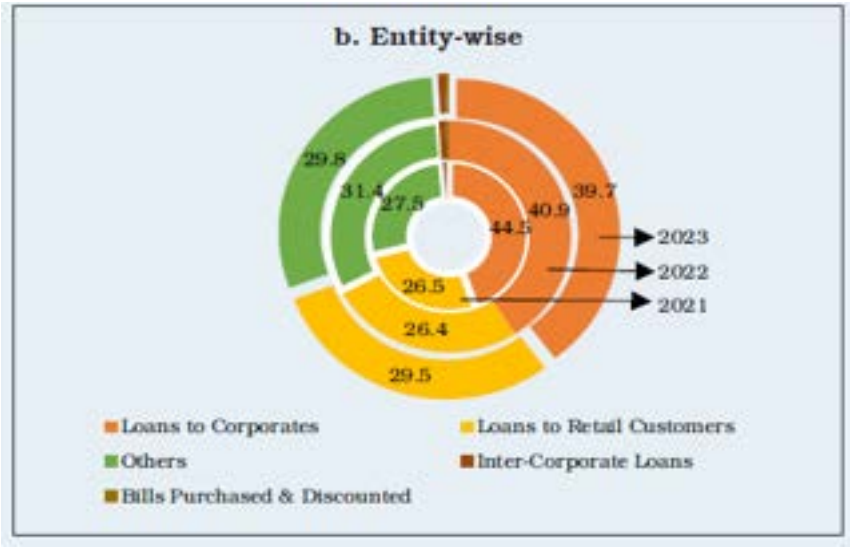
(Source: RBI report on Trend & Progress in Banking 2022-23 Released in December' 23 Table VI 3. Data are provisional Figures in parentheses indicate Y-o-Y growth in percent.)

The NBFC sector grew in size from ₹ 35.04 lakh crore in 2020-21 to ₹ 38.10 lakh crore in 2021-22.

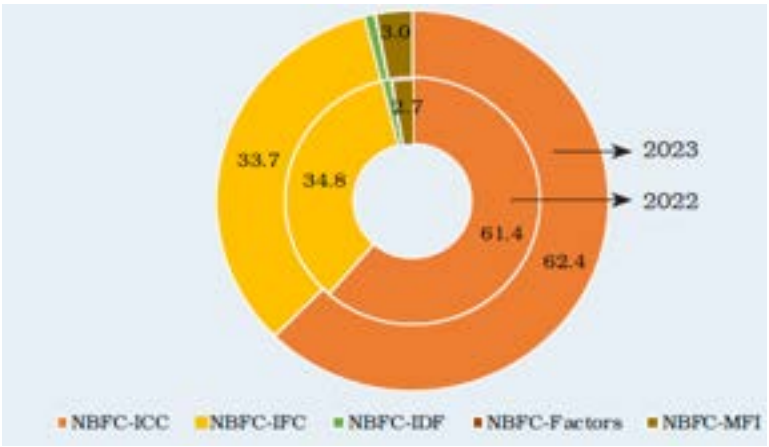
Credit growth accelerated further at end-September 2023, while investments declined. Maturity-wise, there has been a gradual shift towards shorter tenure loans (receivable within 12 months) in credit extended by NBFCs. The longer tenure loans (receivable after 12 months) remained the predominant category (more than two-thirds of the loan book), albeit with a declining share.



NBFCs have maximum exposures to corporates, followed by retail customers, which together account for almost 69 per cent of their loan book. In 2022-23, retail loans grew twice as fast as loans to corporates.

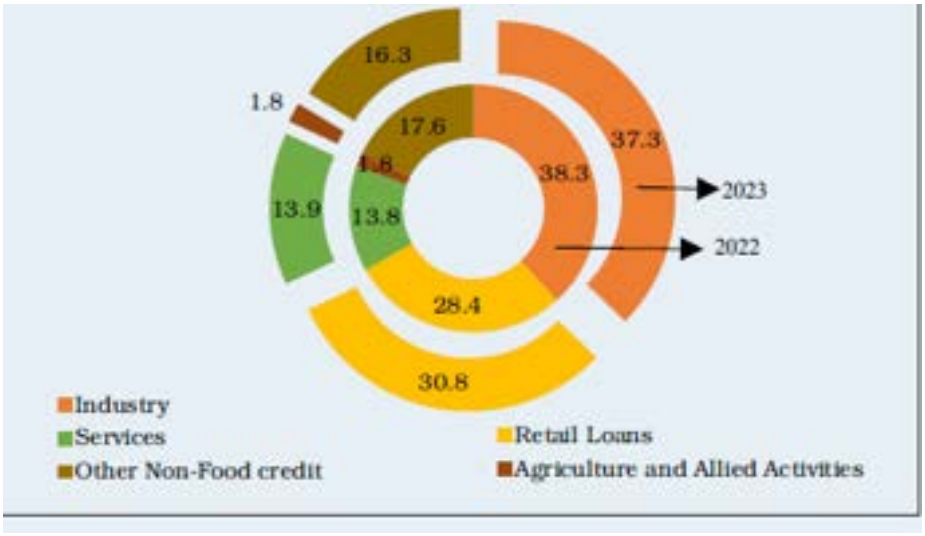


Taken together, NBFC-ICCs and IFCs accounted for more than 95 per cent of the assets of the sector at end -March 2023.

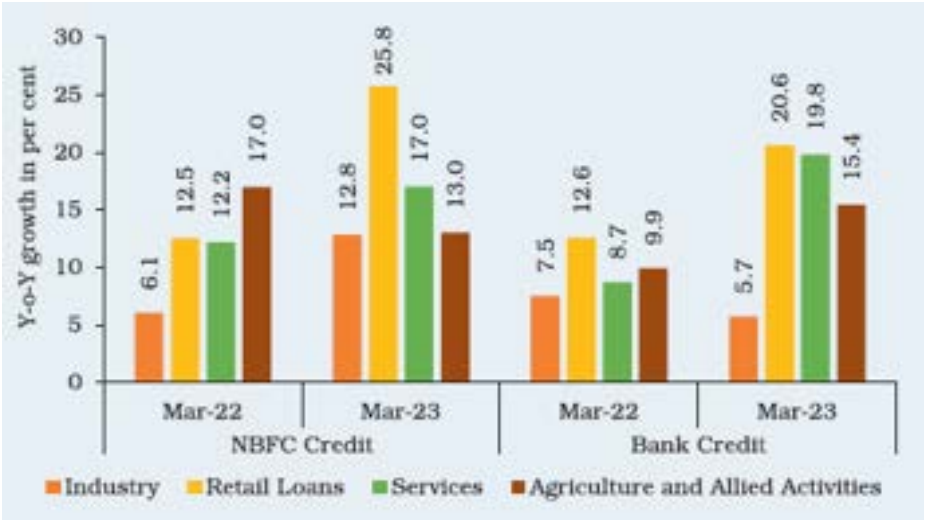


ICCs mainly operate in the retail space, while IFCs provide infrastructure loans. Some large government NBFCs are registered as NBFC IFCs and work in the infrastructure space. Two government IFCs with focus on the power sector saw higher credit growth in 2022-23. In line with the government's Panchamrit agenda which aims for non-fossil energy capacity of 500 GW by 2030, their renewable portfolio is expected to get a push in the coming years. The Ministry of Power has also allowed these NBFCs to lend to non-power infrastructure and to the logistics sector. NBFC-MFIs, an important segment in the NBFC universe, have been growing their share in total assets in recent years. In 2022-23, MFIs registered the highest growth in assets (30.0 per cent), followed by ICCs (16.7 per cent). The assets of IDFs, however, contracted in 2022-23 after growing at a healthy pace a year ago. NBFC-Factors registered a contraction in credit in 2022-23.

In the sectoral distribution of NBFC credit, industry accounted for around two-fifth of the overall lending portfolio at end-March 2023, attributable to infrastructure lending by large government-owned NBFCs, followed by retail lending with a share of around 31 per cent (refer Chart below).

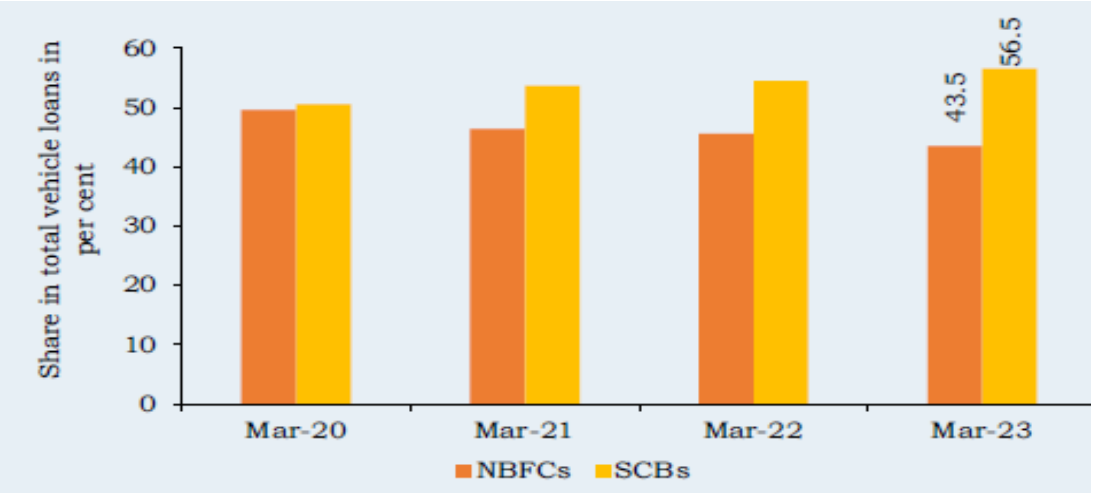


In 2022-23, growth in credit to industry by NBFCs (12.8 per cent) was above that of the banking system (5.7 per cent). Credit to the retail segment by both NBFCs and banks grew at over 20 per cent. Credit by NBFCs to the services sector rose at a robust rate, albeit marginally lower than that of banks (Ref Chart below).



NBFCs have steadily expanded their micro, small and medium enterprises (MSMEs) portfolio, addressing the credit needs of the sector and contributing to overall financial inclusion and economic growth. MSMEs engaged in services account for a preponderant share of NBFC credit to the sector. Credit growth by NBFCs to the MSME sector was more than three times that of banks, benefitting from their ability to offer customised financing solutions (Chart VI.9b). The co-lending framework for priority sector lending has also facilitated flow of credit by NBFCs to the MSME sector, leveraging on the low cost of funds of banks and greater reach of NBFCs.

In 2022-23, NBFC credit to the vehicles segment rose by double digits as it emerged from the challenges of the COVID-19 pandemic.



NBFC Funding Pattern

(Amount in ₹ crore)

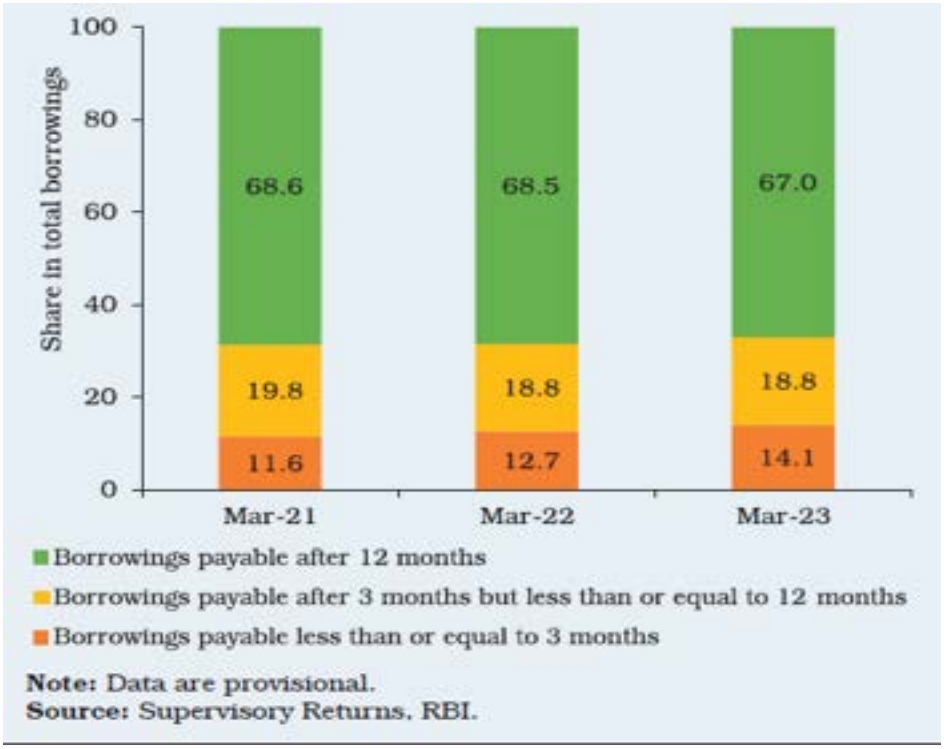
Items	At end-March -2022	At end-March -2023	At end-September -2023	Percentage Variation	
				2021-22	2022-23
1	2	3	4	5	6
1. Debentures	10,14,611 (39.3)	11,10,234 (37.0)	11,45,536 (36.1)	3.3	9.4
2. Bank borrowings	9,20,555 (35.6)	11,33,221 (37.7)	11,97,626 (37.8)	18.8	23.1
3. Borrowings from FIs	69,078 (2.7)	89,982 (3.0)	99,844 (3.1)	21.3	30.3
4. Inter-corporate borrowings	89,896 (3.5)	1,05,184 (3.5)	1,04,148 (3.3)	15.5	17.0
5. Commercial paper	70,266 (2.7)	84,366 (2.8)	1,14,109 (3.6)	-3.2	20.1
6. Borrowings from Government	18,562 (0.7)	18,750 (0.6)	18,758 (0.6)	-3.0	1.0
7. Subordinated debts	72,349 (2.8)	72,510 (2.4)	68,285 (2.2)	4.5	0.2
8. Other borrowings	3,29,182 (12.7)	3,87,991 (12.9)	4,21,653 (13.3)	10.6	17.9
9. Total borrowings	**25,84,500**	**30,02,239**	**31,69,959**	**9.9**	**16.2**

Notes: 1. Data are provisional.
2. Figures in parentheses indicate share in total borrowings.

Source: Supervisory Returns, RBI.

(A) General:

NBFCs rely on borrowings, primarily from markets and banks, to finance their operations. At end-March 2023, bank borrowings displaced debentures as the largest source of funds for NBFCs Borrowings from banks continued to exhibit high growth at end- September 2023. Around two-third of NBFCs' borrowings is payable in more than 12 months. At end-March 2023, there was a marginal uptick in short-term borrowings which are payable in three months or less. More than 80 per cent of non-convertible debentures (NCDs) issued by private NBFCs were rated either AAA or AA. NCD issuances increased in 2022-23. In Q1:2023-24, NCDs of 2-3 year tenor constituted about 50 per cent of the total NCDs issued while longer tenor issuances (greater than 10 years) had a share of around 20 per cent The spreads on bonds issued by NBFCs remained below their levels in the pre-pandemic period, reflecting an improvement in activity and market confidence. The inter connectedness of NBFCs' with banks has increased in recent years in view of their growing reliance on banks for funding needs

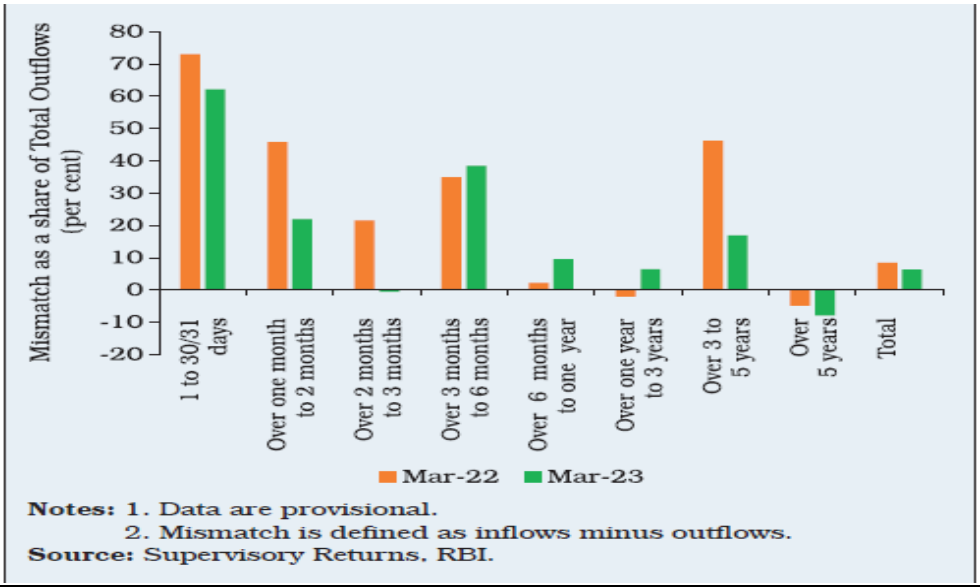


(B) Deposits:

The share of public deposits in the total borrowings of NBFCs-D has increased steadily due to competitive interest rates offered and robust credit ratings. The number of NBFCs permitted to accept deposits has been declining however. At end-March 2023, four NBFCs-D accounted for nearly 90 per cent of the public deposit corpus of NBFCs, with each of them having aggregate deposits of over ₹ 5,000 crores.

Structural Liquidity Management of NBFCs.

Short-term structural liquidity position in the 1-30/31 days bucket is critical for liquidity risk management. NBFCs maintained a comfortable liquidity position in this bucket at end-March 2023, albeit at a lower level than a year ago. Furthermore, NBFCs also had a net positive position across all buckets at end-March 2023, except for 2-3 months and over five years.



Notes: 1. Data are provisional.
2. Mismatch is defined as inflows minus outflows.
Source: Supervisory Returns, RBI.

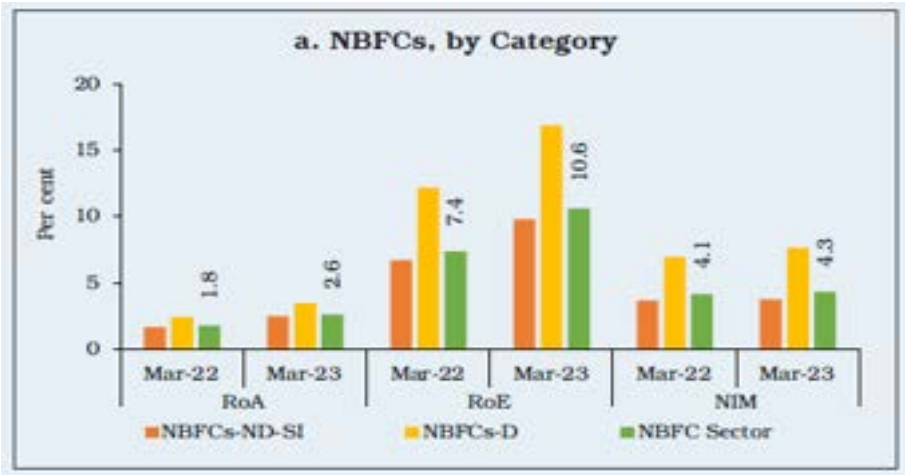
Key indicators of NBFCs:

(₹ crore)

Parameters	2022	2023	H1: 2024
A. Total Income	391,017	475,216	255,124
B. Expenditure	303,445	337,685	177,352
C. Net Profit	68,139	1,10,825	61,208
D. Total Assets	39,52,564	45,37,139	47,10,141
E. Financial Ratios (as %of Total Assets)			
(i) Income	9.9	10.5	10.8
(ii) Expenditure	7.7	7.4	7.5
(iii) Net Profit	1.7	2.4	2.6
F. Cost to Income (%)	77.6	71.1	69.5

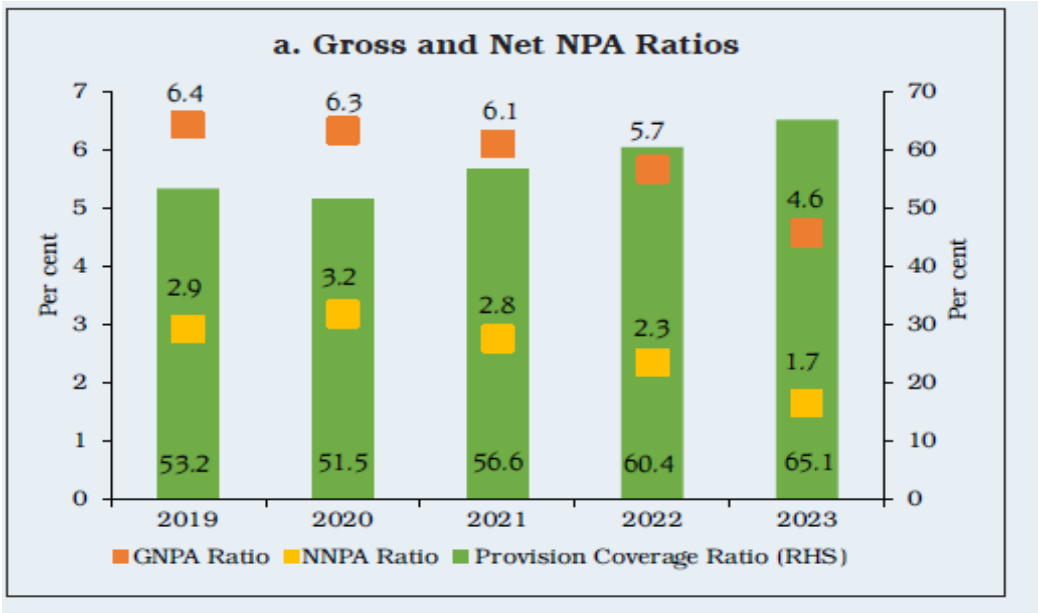
Profitability of NBFCs:

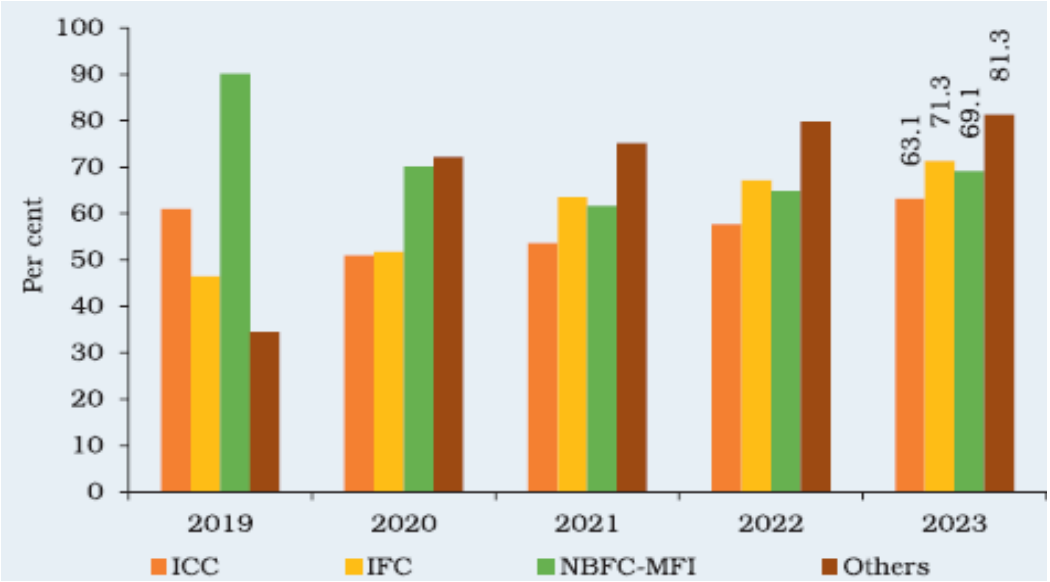
Key profitability indicators ***i.e.***, return on assets (RoA), return on equity (RoE) and net interest margin (NIM) improved during 2022-23 (Chart VI.20a). All classifications of NBFCs-ND-SI, except IFCs, registered increase in profitability ratios at end-March 2023.



Return on Assets (RoA) = Net Profit/ Average Total Assets
Return on Equity (RoE) = Net Profit/ Average Total Equity
Net Interest Margin (NIM) = Net Interest Income/Average Total Assets
Note: Data are provisional.
Source: Supervisory Returns, RBI.

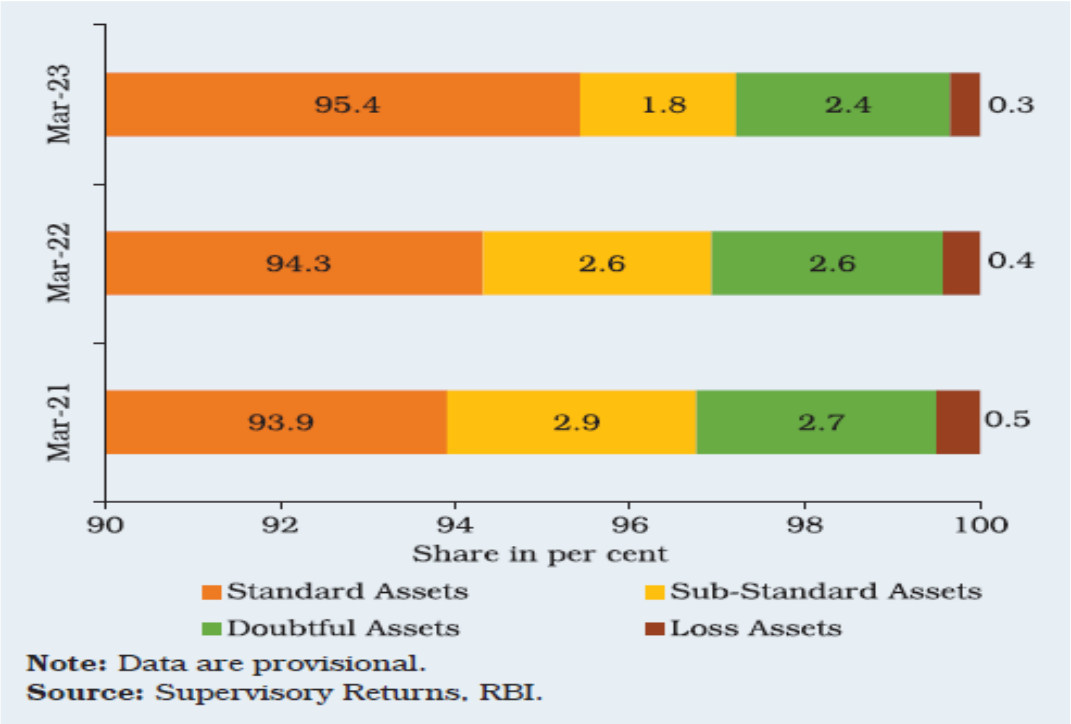
Asset Quality and Provision Coverage Ratio (Based on categories) of NBFC Sector

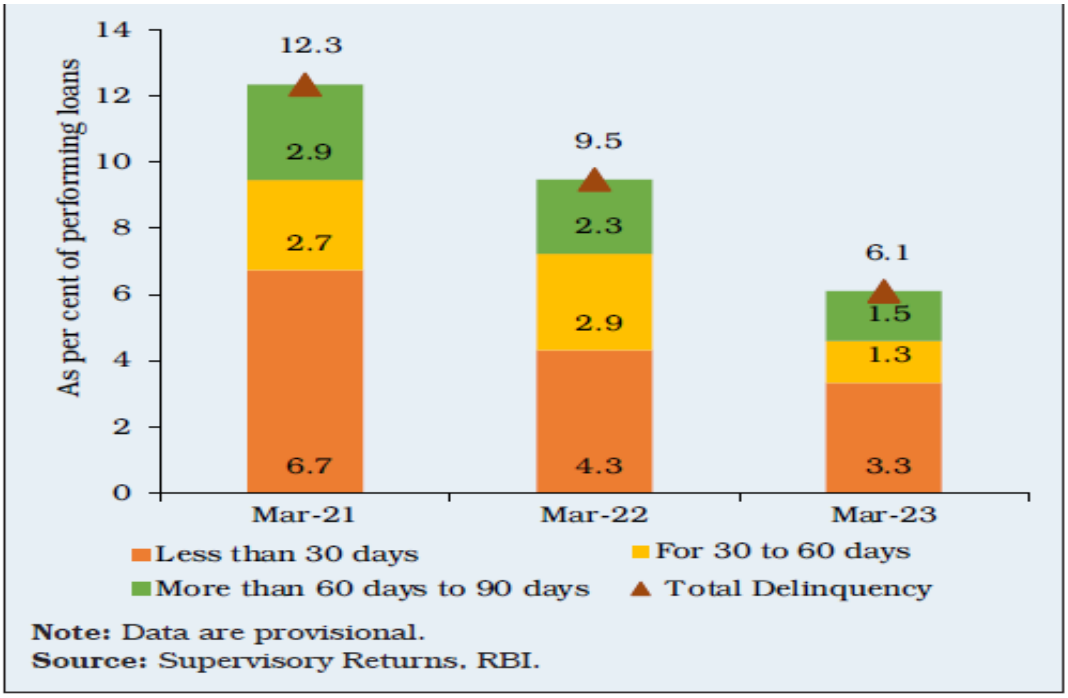




The Reserve Bank allowed NBFCs time till September 30, 2022 to follow NPA upgradation norms, which clarified that loan accounts classified as NPAs may be upgraded as standard asset only if entire arrears of interest and principal are paid by the borrower. In 2022-23, the asset quality of NBFCs improved. Lower slippages also contributed to a reduction in the GNPA ratio to a five-year low in 2022-23. The provision coverage ratio (PCR) increased from 51.5 % at end-March 2020 to 65.1 % at end-March 2023 for NBFCs.

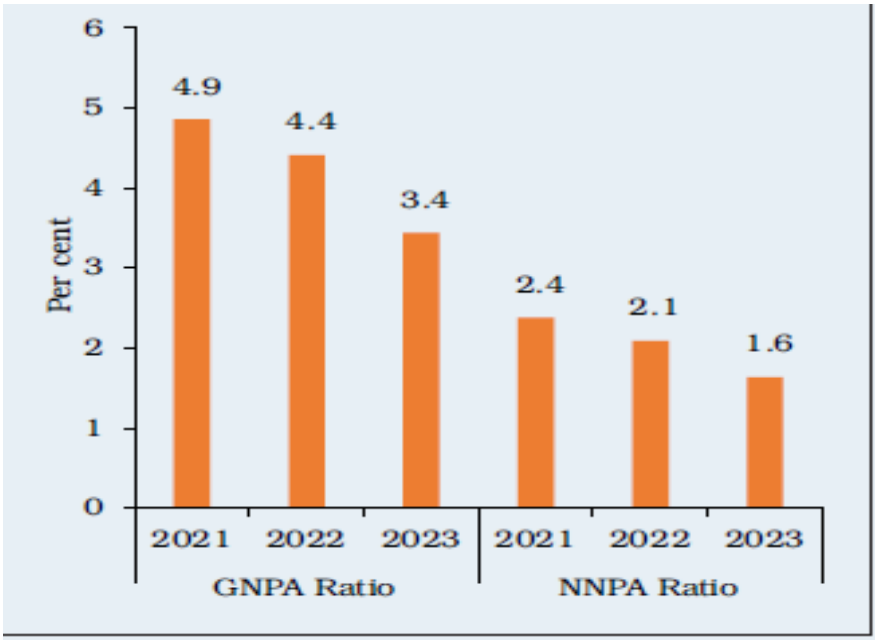
As at end-September 2023, asset quality of the sector showed further improvement as the GNPA and NNPA ratios fell to 4.1 per cent and 1.5 %, respectively. In 2022-23 and H1:2023-24, the proportion of standard assets improved. All three categories of NPAs also moderated.





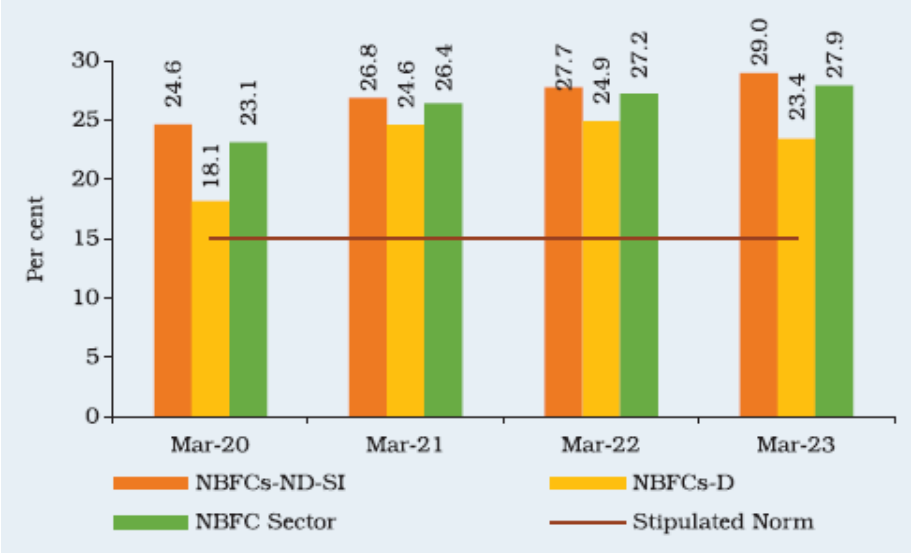
As the impact of the pandemic waned and economic activity gained traction, the overall delinquency in performing loans almost halved from 12.3 per cent at end-March 2021 to 6.1 per cent at end-March 2023. The delinquency ratios in all buckets came down during 2022-23, with the maximum delinquency in the less than 30 days bucket (Chart VI.23). The proportion of standard assets with no overdues increased from 87.7 per cent at end-March 2021 to 93.9 per cent at end-March 2023.

The GNPA and Net NPA ratio of the assets of NBFC-D showed improvement during the period 2021-2023.



CRAR of NBFCs:

At end-March 2023, NBFCs were adequately capitalised, with capital to risk- weighted assets ratios (CRARs) well above the regulatory requirement (not less than 15% of aggregate risk-weighted assets, including both on and off-balance sheet items). Detailed guidelines on elements of common equity Tier 1 (CET-1) capital applicable to all NBFC-UL (except core investment companies) were issued on April 19, 2022 as a follow-up to the SBR framework. The CRAR of NBFCs-ND- SI, barring NBFC-IDF, improved during 2022-23 on the back of higher Tier I capital than a year ago CRAR of the sector stood at a comfortable level of 27.6 % at end - September 2023



Note: Data are provisional.
Source: Supervisory Returns, RBI.

Deposit Taking NBFCs (NBFCs-D)

The abridged Balance Sheet and Financial Parameters of NBFCs-D are furnished below for FY 2022, 2023 and as at September 30, 2023:

Items	At end March 2022	At end March 2023	At end-September 2023
1. Share Capital & Reserves	1,12,011	1,36,402	1,39,812
2 Public Deposits	70,539	65,254	96,156
3 Debentures	1,09,003	1,17,039	1,23,173
4 Bank Borrowings	1,19,820	1,31,260	1,47,612
5 Commercial Paper	7,899	16,589	28,438
6 Others	1,55,453	1,74,393	1,81,680
Total Liabilities/Assets	**5,54,726**	**6,60,937**	**7,16,871**
7 Loans & Advances	4,63,831	5,52,904	6,20,016
8 Investments	45,953	59,872	53,790
9 Cash & Bank Balances	32,750	29,323	22,964
10 Other Assets	12,192	18,838	20,102

(Source: RBI report on Trend & Progress in Banking 2022-23 Released in December' 23 Table VI 3. Data are provisional figures in parentheses indicate Y-o-Y growth in percent).

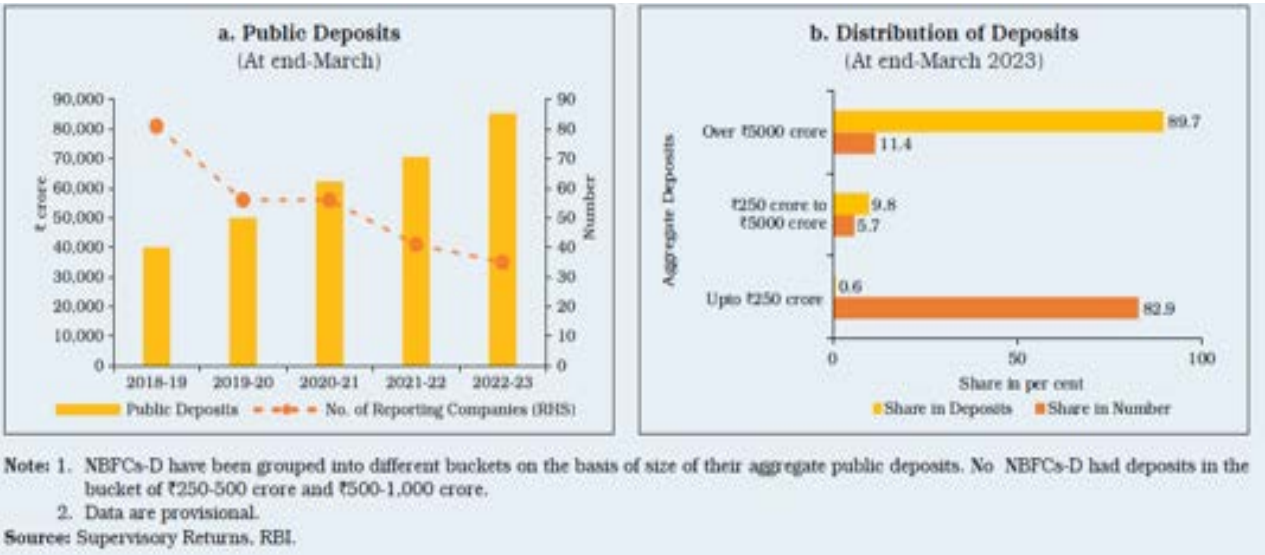
Key indicators of NBFCs- D:

The key performance indicators of NBFCs-D for the FY; 2021-22, 2022-23 and for 6 months ended September 30, 2023 is set out in the flowing table:

(₹ Crore)

Parameters	2022	2023	H1 2024
A. Total Income	73,025	87,205	49,583
B. Expenditure	55,732	59,344	34,284
C. Net Profit	12,988	20,946	11,569
D. Total Assets	5,54,726	6,60,937	7,16,871
E. Financial Ratios (as %of Assets)			
(i) Income	13.2	13.2	13.8
(ii) Expenditure	10	9	9.6
(iii) Net Profit	2.3	3.2	3.2
(iv) Cost to Income (percentage)	76.3	68.1	69.1
Source: Quarterly returns of NBFCs-D, RBI. *Source: Report on Trend & Progress of Banking in India, 2022-23 Ref: Table VI.7.*			

Trend in Public deposits by NBFCs-D:



Note: 1. NBFCs-D have been grouped into different buckets on the basis of size of their aggregate public deposits. No NBFCs-D had deposits in the bucket of ₹250-500 crore and ₹500-1,000 crore.
2. Data are provisional.
Source: Supervisory Returns, RBI.

(Source: Report on Trend & Progress of Banking in India, 2022-23 Chart VI 17)

Retail Focused NBFCs- An Overview

As our Company is Investment and Credit Company – ML (earlier classified as AFC) with focus on retail business, an overview of the retail focused NBFCs is furnished.

NBFC RETAIL OUTLOOK:

The assets under management (AUM) of non-banking financial companies-Retail (NBFC-Retail; excluding housing finance companies continued to maintain the momentum in Q1 FY 2024, growing by 26% YoY. ICRA expects the NBFC - Retail segment to grow by 18-20% in FY 2024, with potential for some upside if demand sustains and business activity remains buoyant. Accordingly, NBFC-Retail AUM, which stood at ~ ₹ 14 trillion as of March 2023, is expected to reach - ₹ 17 trillion by March 2024.

Secured NBFC-Retail AUM, consisting of VEF, GL and SBL, etc is forecasted to grow by 14-16%. The unsecured segment, consisting of PL & CL, unsecured SME & MFI loans, which drove growth in the last fiscal, continues to support growth in the current fiscal. This segment is expected to expand by 26-28% in FY2024. ICRA notes that the growth in both these broad segments could have some potential upside, if demand sustains.

The NBFC - Retail segment's incremental funding requirement (over and above the refinancing of existing/maturing debt) is estimated at ₹ 2.3 - 2.4 trillion. Expansion in bank credit and market issuances is expected to ensure adequate fund availability for the sector. Moreover, entities are incrementally resorting to reducing their on-book liquidity to fund a portion of the incremental disbursements.

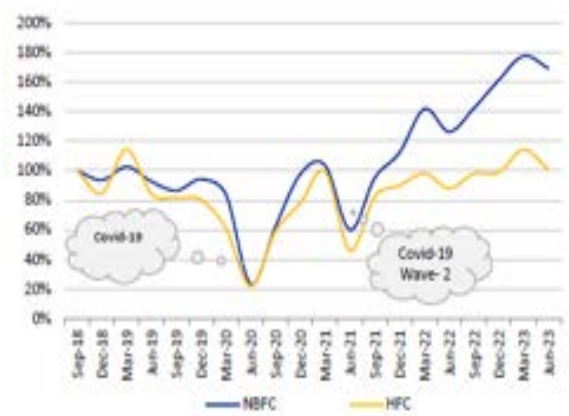
The cost of funds (CoF) is, however, expected go up by 60-80 basis points (bps) in the current fiscal. Moreover, as most NBFCs have a fixed rate loan book, they are expected to face some pressure on margins in FY 2024. This, along with higher operating costs, would impact the net profitability, which would moderate by up to 20 bps vis-à-vis the last fiscal.

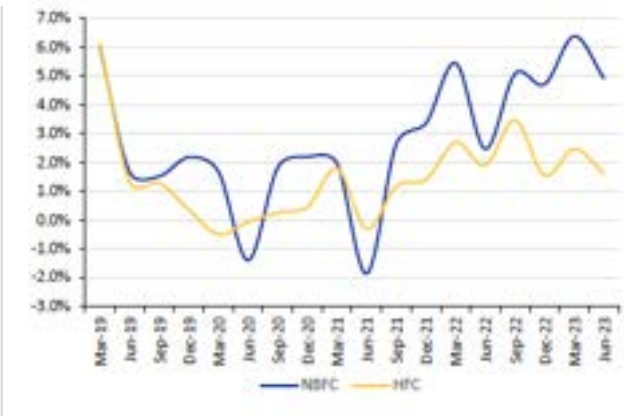
NBFCs (excluding HFCs) have wound down provisions over the last two years. Incremental provision required for loan growth and loan losses would keep the credit costs range-bound vis-à-vis the previous fiscal, even as the asset quality is set to stablise

The capitalization profile shall remain adequate for meeting the growth targets. Some entities, with tighter capital positions, would raise capital. This would, however, be driven by the new regulatory requirements (leverage guidelines, etc) if any. More entities shall raise capital in the next fiscal if strong growth continues.

<u>Key Risks to the Estimates:</u>

- Tightening systemic liquidity could result in steepening of interest rates; inability to adequately pass on incremental cost of borrowing could impact interest margins
- Increase in operating expenses, given the focus on expansion, and higher employee costs, following the tight cost control witnessed in earlier years
- Increasing competition from banking sector affecting NBFC growth
- Economic shocks arising from global macroeconomic developments, which could impact liquidity and asset quality





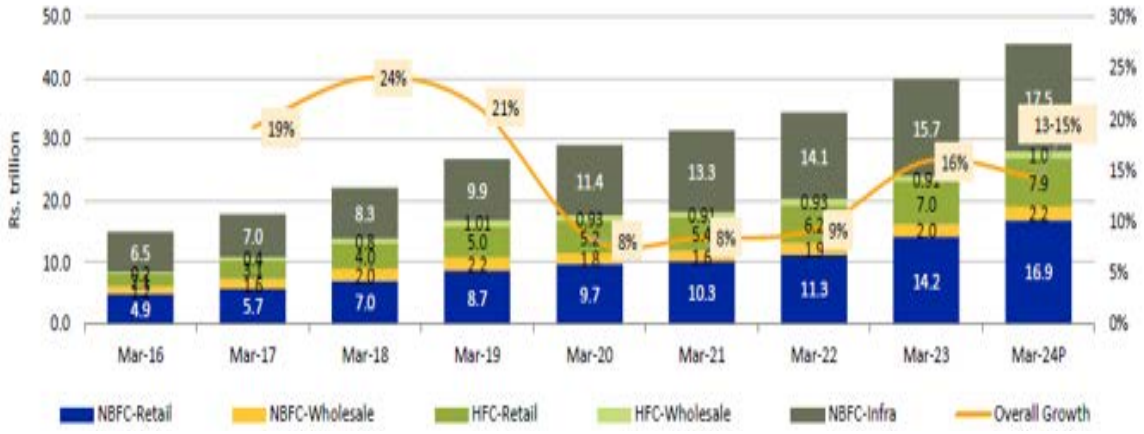
(A) Normalised quarterly disbursement trend – Sep 2018 (basequarter)

(B) QoQ AUM growth (sequential)

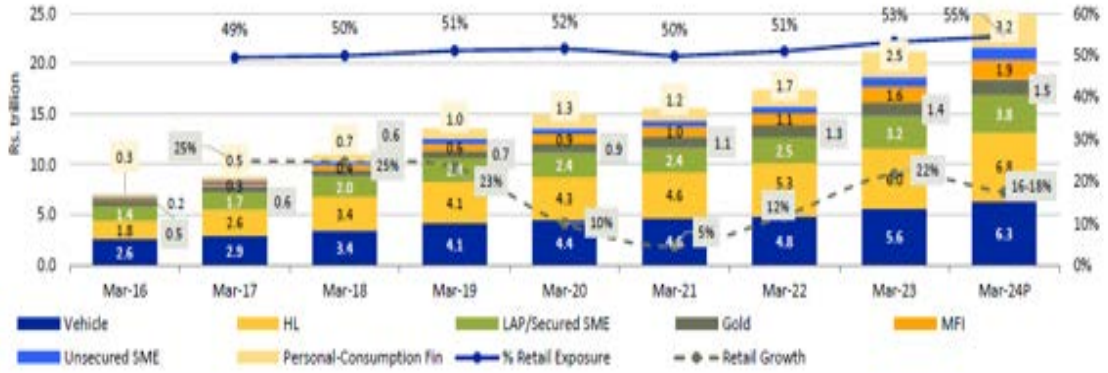
AUM growth expected to improve to 13-15% in FY 2024:

NBFC-Retail AUM expanded by about 26% in FY2023 while HFCs (excluding HDFC) grew by ~10%. NBFC-Infra exposures expanded by about 12% while other wholesale exposures grew by a moderate 7% even on a low base. Thus, the overall sectoral growth of 16% in FY2023 was largely driven by the NBFC-Retail segment.

NBFC-Retail AUM is expected to grow by about 18-20% in FY2024, while HFCs and NBFC-Infra are estimated to grow by 12-14% and 10-12%, respectively, resulting in an overall healthy sectoral expansion of 13-15% for the fiscal. ICRA notes that the growth in various asset segments within NBFC-Retail for FY2024 could have some potential upside, if consumer demand and business activity sustains in H2 FY2024.



NBFC sector AUM Growth Trends and Outlook



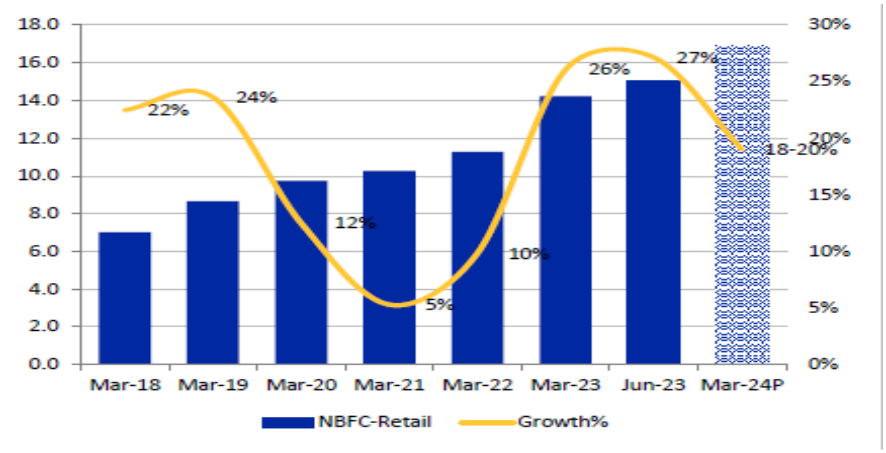
Segment wise Trend of AUM Growth

The sector's (NBFC+HFC) retail exposure is expected to expand by about 16-18% in FY2024 to Rs. 25 trillion, which would push up its share to ~55% by March 2024. As the sector moves towards the retailisation of its exposures and as NBFC-Infra and other wholesale exposures would grow at a much moderate pace, their share in the overall pie shall decline. Unsecured loans, i.e. microfinance, small and medium-sized enterprise (SME) loans and personal consumption finance, are expected to grow at a stronger pace vis-à-vis the overall NBFC retail assets growth. Thus, this segment's share in overall retail exposures would expand to 26% by March 2024 from 24% in March 2023 (16% in March 2019). Overall unsecured loans are expected to grow 26-28% in FY2024, which shall push up their share to around 23% by March 2024 from ~16% in March 2020.

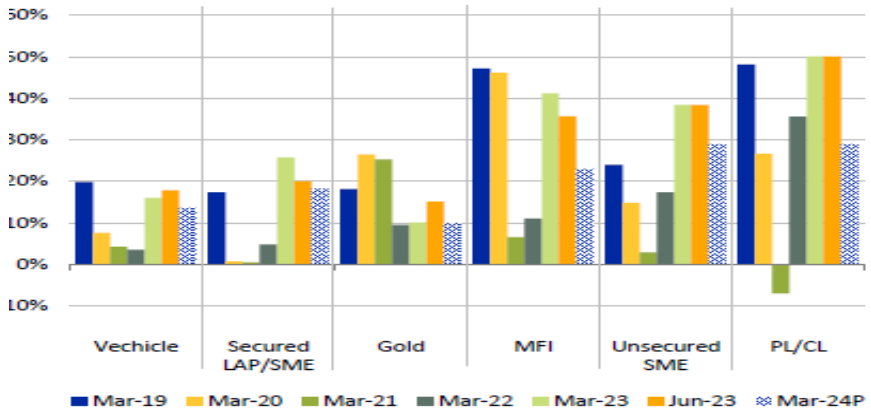
Unsecured loans, albeit on a lower base, grew at a CAGR of about 27% during the 5-year period ended March 2023, while secured loans grew at a CAGR of ~11%. Unsecured loans outstanding (o/s) shrunk during the Covid-19

pandemic period. Excluding microfinance, unsecured loans shrunk by about 4% vis-à-vis the 1% contraction witnessed in the overall unsecured book in FY2021

The unsecured loan book growth is likely to be lower than the high level seen in the last fiscal but shall continue exceeding the secured loan book growth with its share expected to touch 26% in March 2024.



ource: ICRA Research; Amount in Rs. trillion; Jun-23 growth is presented on annualised basis
lote: LAP/SME – Loan against property, small enterprise loans, MFI: Microfinance, PL/CL: Personal loan,
'onsumption loans: Cash credit O/s, consumer durable loan, education loan, other lifestyle loans



Asset quality continued to improve in Q1 FY2024:

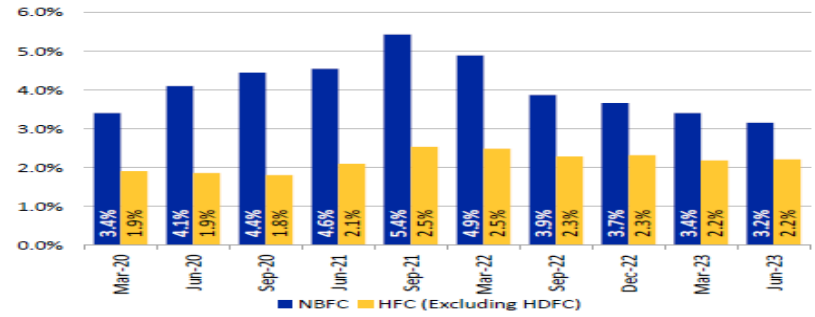
NBFC delinquencies has been trending downwards following the peak witnessed during the second wave of the pandemic in June 2021. With eight quarters of improvement, the delinquencies have declined to below the pre-pandemic levels. Further, ICRA expects the portfolio of NBFCs to continue their healthy performance in the near term and stabilize below the long-term averages going forward.

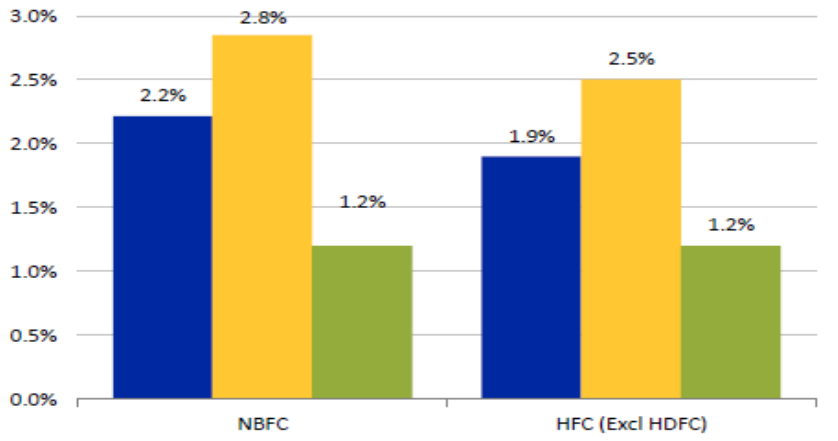
HFC delinquencies have also been declining over the last eight quarters. However, they still remain above the pre-pandemic levels as the pace of decline has been more moderate given the long-tail nature of these assets. In line with seasonal trend, HFCs (excl. HDFC) reported a slight increase in Gross Stage 3 to 3.3% as on June 30, 2023 from 3.2% as on March 31, 2023. Going forward, ICRA expects recovery in the GS3, leading to a reduction of 30-50 bps in FY2024, and expects the trajectory to continue in FY2025.

Provision buffers moderate to pre-pandemic level as asset quality headwinds have decreased; restructured book of HFCs is seasoned and slippages are expected to be very low.

Trend of GS3 in AUM of NBFC Sector since March 2020 till June 23 (Actual) and Estimates till March 24

Total Provision Trend (As % of AUM)





Standard Restructured book as % of AUM

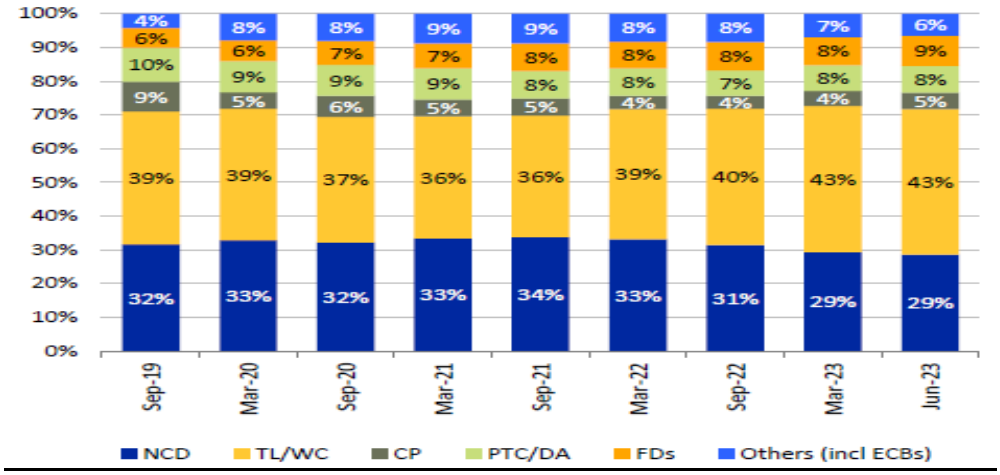
Funding Profile of NBFCs:

Incremental Funding Requirement – FY2024	
NBFCs (excluding infra)	Rs. 2.4 - 2.5 trillion
HFCs	Rs. 0.9 - 1.0 trillion
NBFC-Infra	Rs. 1.4 -1.5 trillion
Total	Rs. 4.7 -5.0 trillion

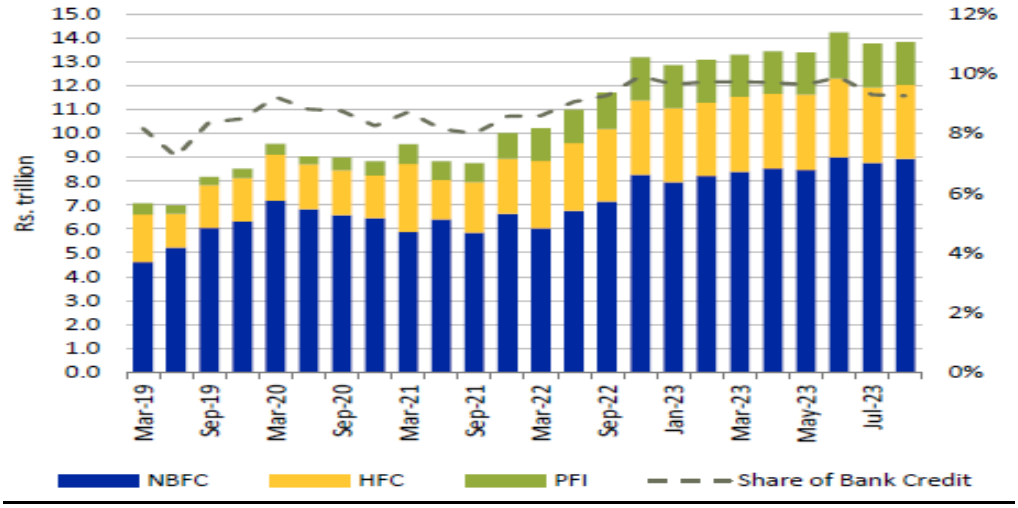
Bank credit to the sector peaked to 9.9% of the total bank credit in December 2022 and moderated to 9.3% by August 2023, as entities consumed a portion of their on-book liquidity to fund growth. Bank credit is expected to grow by 12.1- 13.2% in FY2024. If credit to NBFCs picks up steam in H2 FY2024 and increases to 9.6-9.8%, banks' incremental funding to the sector during the year would be Rs. 1.5-1.8 trillion. Banks account for about 40-45% of the overall funding profile of NBFCs and HFCs (excl. infra) and about 25-30% of NBFC-Infra.

Thus, funding from banks to the sector should remain adequate for meeting the sectoral growth plans.

Securitisation volumes are expected to remain buoyant in H2 FY2024, continuing on the back of a healthy performance in H1 FY 2024 Funding from capital markets is expected to recover in H2 FY2024 after some decline witnessed in Q2 FY 2024.

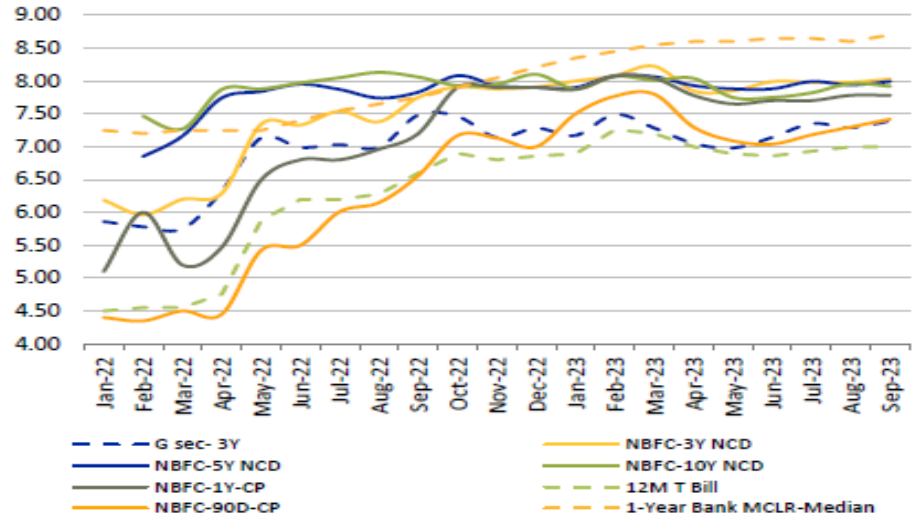


Funding profile NBFCs Instrument wise



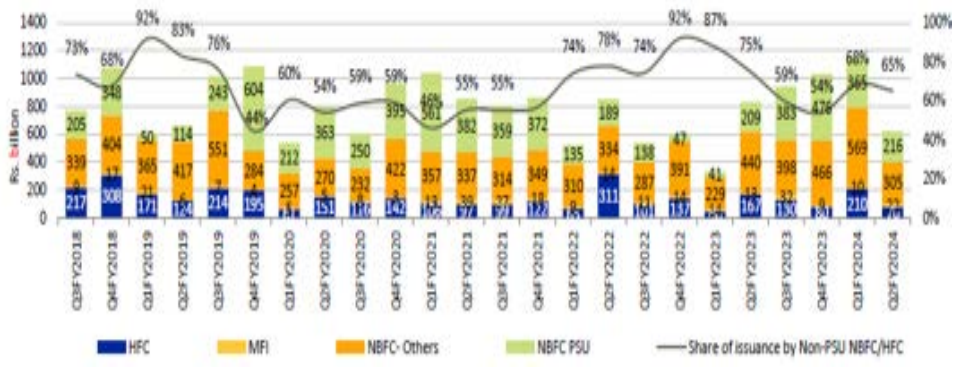
Share of Bank Credit to NBFCs - Sub-Segment wise

Share of bank loans has improved with focus shifting increasingly to bank funding; share of short-term funding remains limited. The funding profile has more or less followed similar pattern during last three years. Decline in bank credit to the sector seen in FY2024 with the merger of HDFC; incrementally, adequate funding is expected to be available from banks for meeting sectoral growth requirements. However, with the issue of the latest RBI circular imposing restrictions on Bank finance to NBFCs, the sector is expected to face difficulties in raising bank funding and might resort to other means of financing.

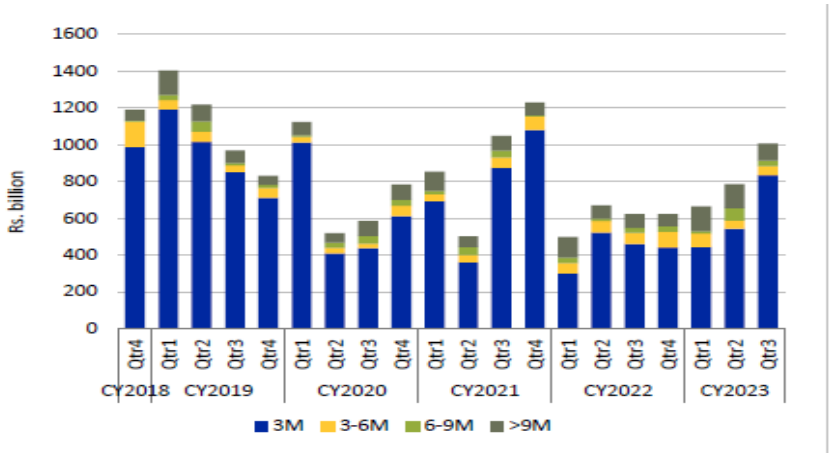


NBFCs- Resources Yield profile comparison with GSec

NBFC issuances (excluding HDFC) in Q2 FY2024 reduced to around half of the Q1 FY2023 levels as entities utilised their on-book liquidity to an extent in addition to focussing on banks as the primary source of funding for incremental disbursements. Total issuances during the quarter stood at about Rs. 620 billion. Issuances had hit an all-time high of Rs. 1.2 trillion in Q1 FY2024 (Rs. 1.6 trillion including issuances by HDFC prior to its merger). Public sector undertaking (PSU) issuances were also buoyant for three successive quarters, i.e. Q3 FY2023-Q1 FY2024, before witnessing a drop in Q2 FY2024. Systemic liquidity conditions were relatively tight in Q2 FY2024 compared to the previous quarter. However, given that long-term yields remaining stagnant, Investor interest was somewhat suppressed, as reflected by the lower issuance volumes during the quarter.



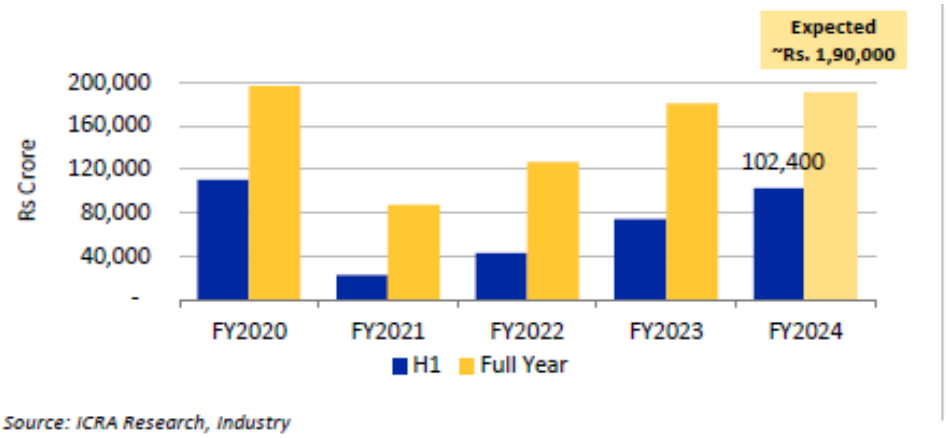
Trends of NCD resources by NBFCs- Segment wise



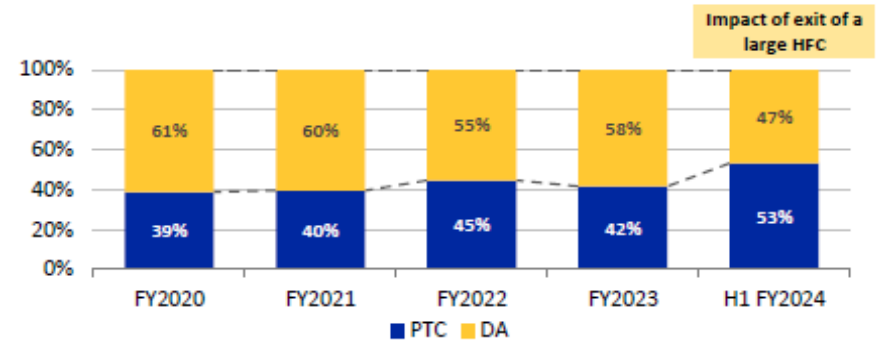
Trends in CP Issuance by NBFCs Tenor wise

Securitisation of Receivables by NBFCs (PTC and Direct Assignments)

Despite the exit of a major participant from the securitisation market, viz. HDFC Limited, the overall securitisation volumes, originated primarily by the NBFCs and the HFCs, expanded by a robust 38% to Rs. 1,02,400 crore in H1 FY2024 from Rs. 74,300 crore in H1 FY2023. The growth in the volumes is driven by the consistent rise in credit demand resulting in higher funding needs for the lenders. Further, banks continue to rely on buyout of loan pools to meet priority sector lending (PSL) targets. The share of PTC and DA stood at 53% and 47%, respectively, of the overall volumes, against 40% and 60%, respectively, observed traditionally. The share of DA transactions has reduced mainly on account of the exit of HDFC Limited from Q2 FY2024 onwards, which securitised mostly through the DA route. Nevertheless, ICRA expects volumes to remain buoyant throughout FY2024 with the overall volumes to exceed Rs. 1.90 lakh crore, as more participants enter the market while the existing originators continue to increase their volumes

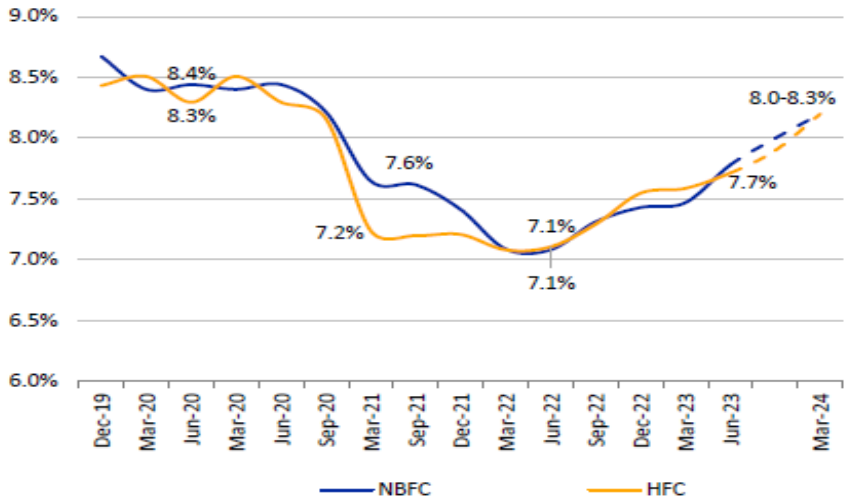


Source: ICRA Research, Industry

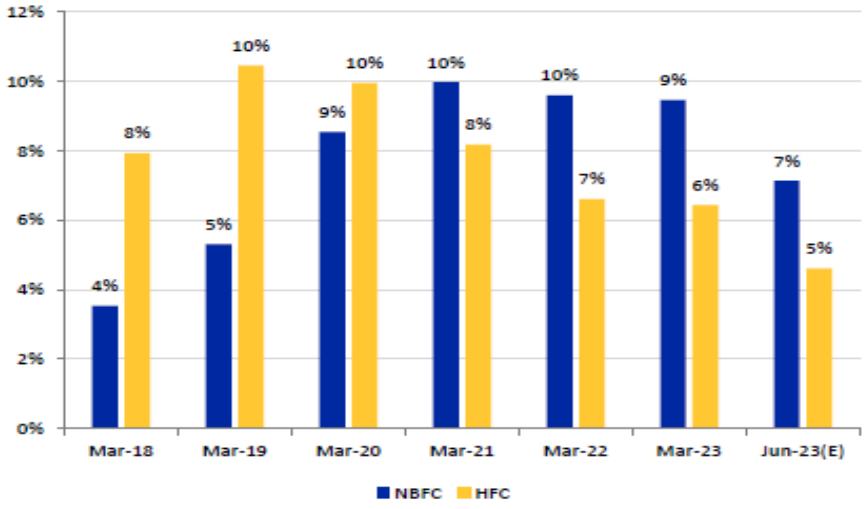


Source: ICRA Research, Industry

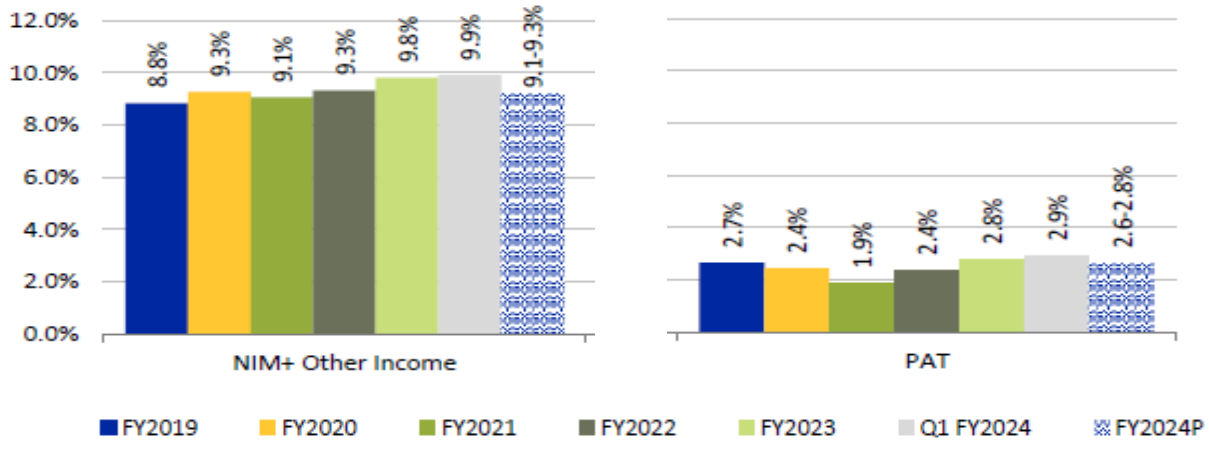
Trend in cost of funds (Quarterly Annualised)



Cash and Investment (% of Total Assets)



On-balance sheet liquidity of NBFCs and HFCs has continued to moderate; full impact of the increase in systemic rates would be visible inFY2024 with 60-80 bps increase expected in weighted average



Earnings Trends of NBFCs- NIM and PAT

In Q1 FY2024, the net interest margin (NIM) of NBFCs remained buoyant as the sectoral yields improved on the back of increasing mix of higher yielding segments, offsetting the increasing CoF. However, incrementally, the fixed rate of assets and expected plateauing of yields, combined with increasing CoF would affect the spreads in FY2024. Further, higher portfolio growth, as projected, will result in an increase in the leverage. The combined effect of these two factors shall result in the compression of the NIM in FY2024, though the same shall normalise almost to the long-term average.

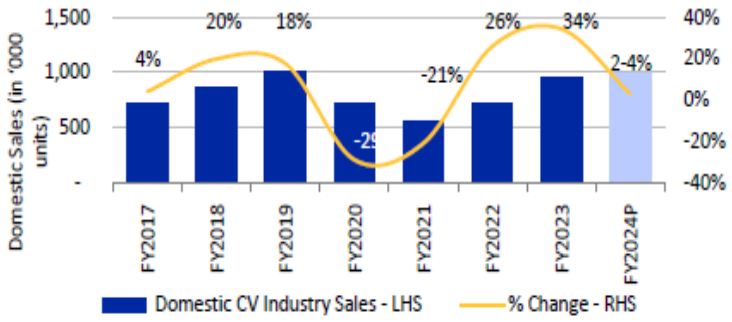
Operating costs shall witness some uptick with the increase in the share of smaller ticket and unsecured loans and other growth-related operating costs. Further, credit costs shall remain range-bound or increase slightly with credit/provisions costs normalising towards the steady-state level. Entities benefited from the excess provisions created during the pandemic years, which helped them keep the credit costs under control in the last fiscal.

CV Industry Outlook:

Q1 FY2024, impacted by the transition to BS6 2.0 emission norms from April 1, 2023. Mixed trends were observed across sub-segments in Q1 FY2024. However, some improvement was witnessed in Q2 FY2024, which aided bringing to overall growth for H1 FY2024 up to 1.9% YoY.

The M&HCV (Goods) segment reported a YoY marginal decline of 2% in wholesale volumes in Q1 FY2024, largely attributed to the impact of pre-buying in the previous quarter, along with the unavailability of BS6 2.0-compliant vehicles due to supply chain issues. In Q2 FY2024, this segment witnessed healthy pick-up in retail volumes, with the September month recording a growth of 11% YoY supported by replacement demand and traction from mining and construction activities. The LCV segment reported a decline of 9% YoY in Q1 FY2024, primarily due to high base effect and soft rural demand, given the erratic rainfall trends. In Q2 FY2024, there was some sequential pick-up in the retail volumes, though the segment still recorded a decline on YoY basis given the high base in the previous year. The bus segment volumes continued to gain traction, supported by increased demand from offices and educational institutions. The mandatory scrappage of older Government vehicles is expected to drive replacement demand in FY2024.

Volumes are expected to gain traction as the year progresses on the back of pick up in construction and infrastructure development activity, coupled with demand for replacement of old vehicles. ICRA expects the domestic CV industry volumes to grow by 2-4% in FY2024.



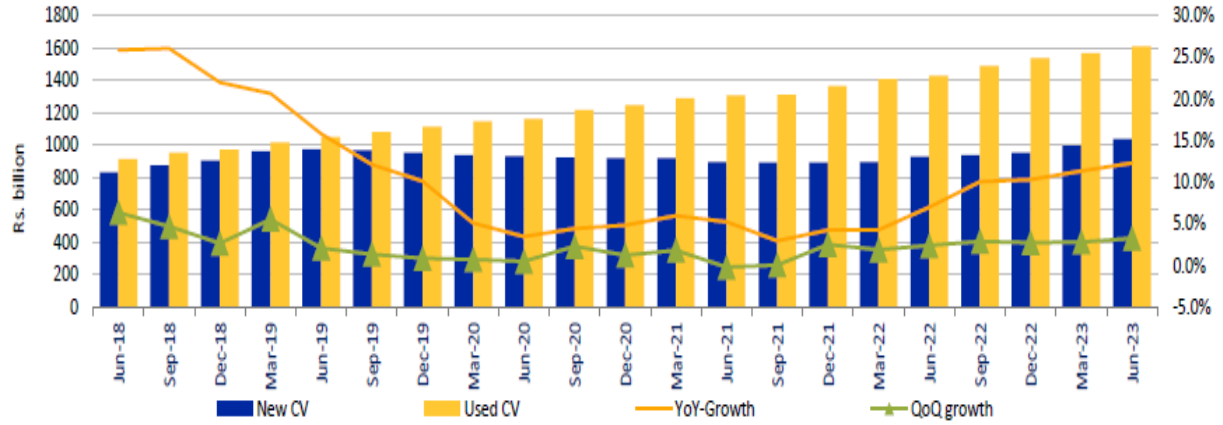
Source: SIAM, ICRA Research

Source: SIAM, ICRA Research

AUM Movement in CV Segment

New CV AUM of NBFCs is estimated to have increased by 12% YoY in Q1 FY2024, despite the flattish original equipment manufacturer (OEM) sales volumes during the quarter, partially supported by the improvement in vehicle prices. However, the sector continues to face sizeable competition from a few private banks. Used CV AUM growth also remained healthy at 13% YoY during the quarter, continuing the trend witnessed over the last four quarters. The overall CV AUM grew by about 12% YoY in Q1 FY2024 to Rs. 2.65 trillion as of June 30, 2023, resulting in the best growth rate witnessed over the past four years.

The average age of M&HCVs as well as the LCV fleet is currently trending at historic highs of 10.0 years and 5.4 years, respectively. ICRA estimates that more than half of the M&H CV population is aged above 10 years and two-third of the LCV population is aged above five years, which would need to be renewed soon, supporting the medium-term growth prospects for new vehicles. The velocity of used CV sales/financing is partially linked to new CV sales, which determines the available supply of used vehicles. ICRA expects the AUM growth for the sector to be about 13-15% in FY2024.

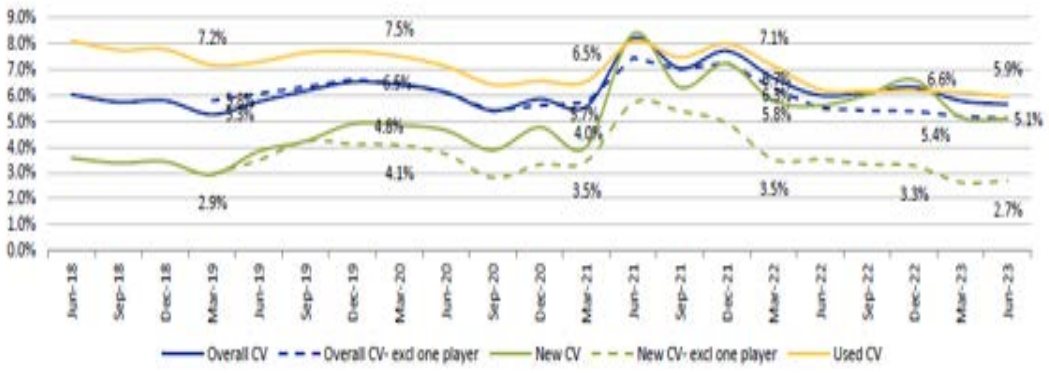


90+dpd/GS3 for CVs

During the pandemic, the increase in overdues in the new CV segment was sharper than for used CVs, given the relatively larger ticket sizes and EMIs in this segment. Excluding one large entity which continued to be impacted by asset quality issues, overdues in the new CV segment trended down to below the pre-pandemic level.

In the used CV segment, the impact of the pandemic was largely absorbed by the end of FY2023. Delinquencies, nevertheless, continued to trend down in Q1 FY2024 as well, in line with the long-term secular trend of improving asset quality, supported by better underwriting and collection processes. As a result, delinquencies in this segment were significantly lower compared to five years ago.

During the pandemic, restructuring in the CV segment was quite high vis-à-vis the overall NBFC sector. However, given the repayments and slippages from these loans, the current outstanding is expected to be modest.



TRACTOR FINANCE

Tractor Industry Trends and Outlook

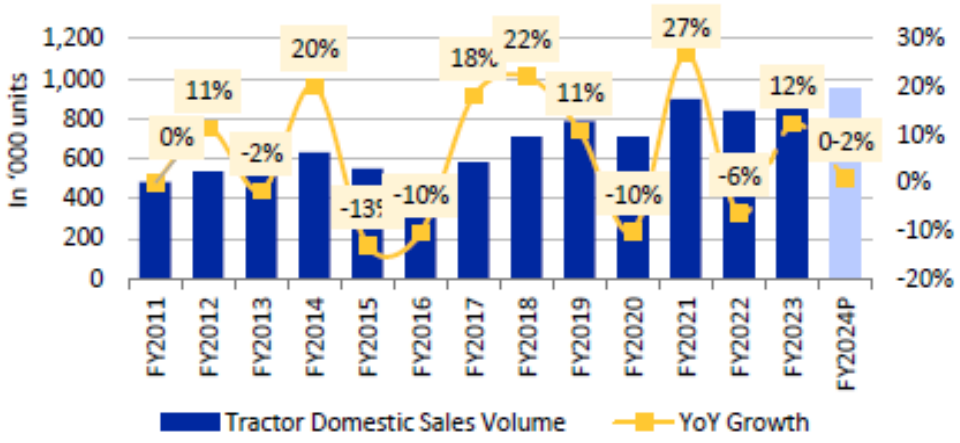
- The macroeconomic tailwinds remained mostly intact for the rural economy, including continued Government support and ready availability of finance. Domestic tractor industry volumes remained stable in H1 FY2024, though a slightly deficient monsoon with uneven temporal and special distribution emerged as a cause for concern on farm cash flows.

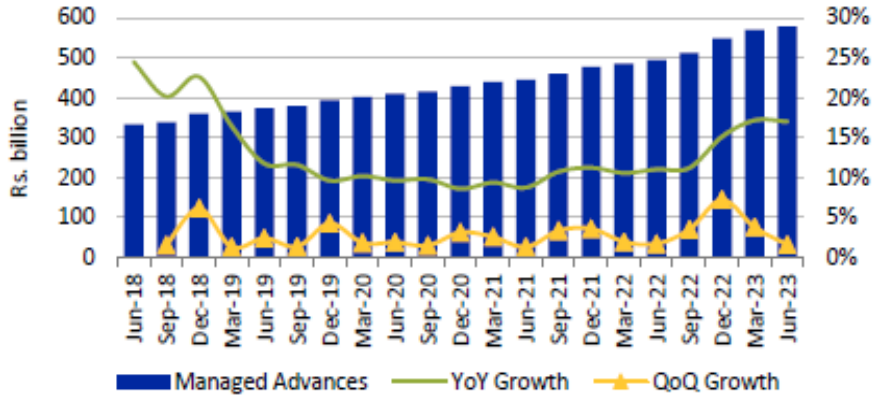
- Kharif sowing was up by a marginal 0.3% YoY as of September 2023, even as a few major crops like pulses saw a sharp decline. With monsoon precipitation remaining relatively weak, the sown area under pulses is expected to trail last year's levels. Further, low reservoir levels do not augur well for the timely onset of rabi sowing. ICRA sees downside risks for its forecast even as the Government's rural welfare schemes remain supportive.

- Growth is expected to moderate in FY2024 (0-2% YoY growth on an enlarged and healthy base).

- The total NBFC AUM of the tractor segment stood at about Rs. 578 billion as of June 2023, up 1% QoQ. As the sales volume of new tractors is expected to be tepid at 0- 2% in FY2024, the AUM growth is expected to be lower than the last fiscal. However, the steady increase in tractor prices seen in the past two years and increased focus of lenders on used tractor financing are expected to support the AUM growth to an extent. Overall, ICRA expects the growth to be moderate at about 10-12% during the current fiscal.

- Tractor financing has historically had higher delinquencies compared to other segments, given the modest credit profile and seasonal cash flows of the customers. However, over the years, with the improvement in underwriting and collection practices, delinquencies have been on a secular decline. In FY2024, the segmental delinquencies, while expected to improve in ICRA's base case, would be monitorable for the possible impact of the uneven monsoons seen during the year on the agricultural cash flows.





Source: Sample of 8 NBFCs, ICRA Research; wherever data is not available, best estimates are used

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This Chapter should be read in conjunction with the Sections ***"Forward Looking Statements"****,* ***"Risk Factors"*** *and* ***"Financial Information"*** *on pages 17, 18, 170, respectively, of this Prospectus. Unless stated otherwise, the financial data used in this chapter, has been taken from Chapter titled "****Financial Statements (Annexure-A)"*** *beginning from page no 308 of the Prospectus.*

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

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

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

As on September 30, 2023, we have an Asset Under Management ("AUM") (***i.e***. Stock on Hire) of ₹ 1,25,021.17 lakh. Our AUM (net of ECL provisions) has grown from₹ 1,09,353.73 lakh as at March 31, 2021 to ₹ 1,14,500.10 lakh as at March 31, 2023 at a CAGR of 2.33%. The income from hire purchase business constitutes about 94% of operating income of the Company for the FY ended March 31, 2023. For FY 2023, the income from hire purchase business was ₹18,603.02 lakh as against ₹ 16,446.30 lakh for FY 2021, registering a YoY growth of 13.11% and CAGR 4.19%.

As on September 30, 2023 the gross Stage 3 Assets as a percentage of loan assets is 5.73% and Net Stage 3 Assets as a percentage of loan assets is 2.97%. The Gross Stage 3 Assets as a percentage of loan assets was 5.85%, 5.18% and 4.95% as at March 31, 2023, March 31, 2022 and March 31, 2021 respectively. While Net Stage 3 Assets was 2.95%, 2.14% and 2.30% as at March 31, 2023, March 31, 2022 and March 31, 2021 respectively

As at March 31, 2023, March 31, 2022, and March 31, 2021 the ECL as determined under Ind AS 109 was ₹ 5192.14 lakh, ₹ 4,511.27 lakh, and ₹ 3,632.73 lakh respectively.

The capital adequacy ratio, computed on the basis of applicable RBI requirements, as on September 30, 2023 is 17.26% The capital adequacy ratio as on March 31, 2023, March 31, 2022 and March 31, 2021 were 19.68%, 21.66% and 22.52% respectively.

SUMMARY OF OUR KEY OPERATIONAL AND FINANCIAL PARAMETERS

A summary of our key operational and financial parameters as at and for the last Three completed financial years and six months ended September 30, 2023 (**"LRR"**) are as follows (For details, please refer Chapter *titled **"Financial Statements" Annexure A beginning from Page 308***):

(₹ lakh)

Particulars	September 30, 2023	March 31,		
		2023	2022	2021
Property, Plant and Equipment (including Right of use and intangible assets)	7,210.32	7,330.89	7,494.90	7,661.44
Financial Assets	1,25,128.18	1,20,423.46	1,17,276.62	1,15,778.27
Non-Financial Assets (excluding PPE but including deferred tax assets-net)	2,366.45	2,303.64	2,171.48	603.73
Total Assets	1,34,704.95	1,30,057.99	126,943.00	1,24,043.44
Financial Liabilities - Derivative Financial Instruments	0.00	0.00	0.00	0.00
Financial Liabilities (Trade Payables and Other Payables)	373.06	349.41	303.17	295.36
Financial Liabilities				
-Debt Securities	48,988.58	48,792.43	41,560.04	28,929.69
-Borrowings other than debt securities	16,823.10	14,654.08	15,565.69	23,059.16
-Sub ordinated Liabilities	42,664.82	41,512.40	39,530.77	33,529.65
-Fixed Deposits	2,819.52	2,444.17	8,540.60	17,086.35
-Other Financial Liabilities	1,694.08	1,384.96	1,426.14	1,672.37
Non- Financial Liabilities				
-Current Tax Liabilities (net)	55.79	0.00	0.00	47.29
-Provisions	196.32	135.49	122.65	118.09
-Deferred Tax Liabilities (net)	0.00	0.00	0.00	39.48
- Other Non-Financial Liabilities	83.15	97.78	99.55	68.47
Equity Share Capital	6,470.59	6,470.59	6,470.59	6,470.59
Other Equity	14,535.94	14,216.68	13,323.80	12,726.94
Total Equity and Liabilities	1,34,704.95	130,057.99	126,943.00	1,24,043.44

Revenue	September 30, 2023	March 31,		
		2023	2022	2021
-Revenue From Operations	10,037.58	19,180.60	18,133.71	17,132.79
-Other Income	0.14	13.37	1.40	0.87
Total Revenue	10,037.72	19,193.97	18,135.11	17,133.66
Total Expenses	9,064.12	17,458.00	16,843.07	15,876.22
Profit / Loss Before Tax	973.60	1,735.97	1,292.04	1,257.44
Profit / loss after tax	719.98	1,249.37	951.88	925.79
Other Comprehensive Income	52.22	31.76	33.22	13.58
Total Comprehensive Income	772.20	1,281.13	985.10	939.37
Earnings per equity share:				
(a) Basic	1.19	1.98	1.52	1.45
(b) Diluted	1.19	1.98	1.52	1.45

Particulars	September 30, 2023	March 31,		
		2023	2022	2021
Cash Flow				
Net cash generated from operating activities	(2,731.04)	(162.87)	210.56	639.40
Net cash generated from Investing activities	(352.42)	2,031.95	(659.94)	174.46
Net cash used in financing activities	2,181.58	(315.80)	534.78	(562.53)
Cash and cash equivalents	2,100.91	3,002.79	1,449.51	1,364.11
Balance as per statement of cash flows	2,100.91	3,002.79	1,449.51	1,364.11

Additional Information:

Particulars	September 30, 2023	March 31,		
		2023	2022	2021
Net worth*	18,218.46	17,927.28	17,095.14	16,488.67
Cash and Cash Equivalents	2,100.91	3,002.79	1,449.51	1,364.11
Investments	1,195.18	1,344.51	2,487.88	2,668.28
Assets Under Management	1,19,637.99	1,14,500.10	1,10,311.20	1,09,353.73
Off Balance Sheet Assets	-	-	-	-
Total Debts to Total assets	0.84	0.84	0.84	0.84
Debt Service Coverage Ratios (times)**	0.06	0.12	0.12	0.12
Debt Service Coverage Ratios (times)** - Annualized	0.13	0.12	0.12	0.12
Interest Income (including fees and commission)	9,831.43	18,936.19	17,888.46	16,911.19
Interest Expense	5,779.60	11,033.57	10,958.87	10,721.04
Impairment on Financial Instruments	374.67	926.07	1034.37	787.71
Interest service coverage ratio (times)**	1.18	1.17	1.13	1.13
Bad debts to Account receivable ratio **	0.15%	0.20%	0.14%	0.15%
Gross Stage 3 Assets (% on Principal Amount)	5.73	5.85	5.18	4.95
Net Stage 3 Assets (% on Principal Amount)	2.97	2.95	2.14	2.30
Tier I Capital Adequacy Ratio (%)	13.40	13.99	13.74	13.05
Tier II Capital Adequacy Ratio (%)	3.87	5.69	7.92	9.47

* Net-worth computed after deducting Revaluation Reserves, Capital Reserves and Miscellaneous Expenses to the extant not written off

** Notes:-

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

(Source Audited Financial Statements for the FY ended/ as at March 31, 2023, March 31, 2022, March 31, 2021 and Unaudited Financial Statements for the Six months ended/ as at September 30, 2023 submitted to the Stock Exchange as a part of compliance under SEBI LODR.)

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

(₹ lakh)

Particulars (As per Ind AS)	September 30, 2023	March 31,		
		2023	2022	2021
Gross Stage 3 Assets	7,157.80	6,997.89	5,942.21	5,594.01
Net Stage 3 Assets	3,604.38	3,420.94	2,355.20	2,522.83
Expected Credit Loss ("ECL")	5,383.98	5,192.14	4,511.27	3,632.73
Gross Loan Assets/ Gross Credit Exposure	1,25,021.17	1,19,692.24	1,14,822.47	1,12,986.46
Net Loan Assets/ Net Credit Exposure*	1,21,467.75	1,16,115.29	1,11,235.45	1,09,915.28
% of gross Stage 3 Assets to Total Loan Assets	5.73	5.85	5.18	4.95
% of net Stage 3 Assets to Net Loan Assets	2.97	2.95	2.14	2.30
Capital Adequacy Ratio (%)	17.26	19.68	21.66	22.52

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

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

OUR STRENGTHS

Unique Business Model

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

Effective origination, credit appraisal and collection processes

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

Our target customers mainly hail from rural / semi-urban areas. For such customer segment, the knowledge of local culture and long relationship with the customers play a key role for growth in the operation. We have adopted a distinguished and cost-effective business origination policy and we originate the business through our branch networks in association with marketing officers termed as Customer Service Points ("**CSPs"**). These CSPs are local residents of the area and have the domain knowledge of that area. They identify potential customers in defined area and maintain long-term relationship with the existing customers. Further, this business model also enables us to be proactive and develop future products for our customers. Moreover, we find that the CSP arrangement is cost effective as they function from Small Office Home Office ("**SOHO"**) provided by our Company without having a formal branch set-up.

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

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

Long-standing presence in Southern Regional market

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

Experienced senior management team

Our Board consists of 8 (Eight) Directors, with wide experience in the automotive and/or financial services sectors. Our senior and middle management personnel have extensive experience, expertise and in-depth knowledge of industry. Majority of our senior management team have grown with our Company and have more than 15 years of

experience with us. We believe that the industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Association with Sakthi Group

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

Positive long-term industry prospects

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

BUSINESS STRATEGIES

Expanding our reach in Southern Region of India

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

Attract and retain talented professionals

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

Improvement in credit rating to reduce cost of funding

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

basis. The mobilization of funds from the alternative sources at competitive cost would need to maintain / upgrade the credit rating of our Company. Hence, we intend to improve our credit rating which assists in raising the funds at competitive rates and enhancement in profitability and financial position of the Company.

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

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

BUSINESS PROCESS

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

1) Customer Acquisition and Retention ("CARE")

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

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

2) Customer Appraisal Process ("CAP")

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

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

genuine customers getting into our books by liasioning with various departments like RTO, Insurance etc. After re-verification by RCU department, the payment will be made to the borrower with suitable intimation to the branch concerned.

Credit Policy

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

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

Collateral and Guarantor requirement	Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor must be a commercial vehicle owner, preferably persons engaged in similar line, having ETR / GTR / ATR repayment record, having immovable properties and having good reputation.
Vehicle Insurance	The vehicle should have mandatory comprehensive insurance valid for at least 2 months. The insurance policy shall have endorsement in favour of our Company.
Key processes	The policy stipulates key processes to be followed at various levels / departments in the organization for evaluation of credit worthiness of customer, tele-verification check, physical verification and CIBIL check report. As per the KYC Policy of the Company, all applicants have to provide copies of Aadhaar Card (as per the Government guidelines) / Valid Passport / Driving License / PAN Card / Voter ID / Letter issued by the National Population Register containing details of name and address. A certified copy of an Officially Valid Document ("**OVD**") containing details of photo identity and address.

Disbursement

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

3) Customer Asset Management Process ("CAMP")

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

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

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

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

Collection and Recovery

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

WINDMILL OPERATION

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

The details of our windmills are given as under:

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

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

SELECT FINANCIAL INFORMATION

Disbursals

For FY 2023 we have disbursed loan of ₹ 82,152.00 lakh as against ₹59,666.24 lakh for FY 2022. The break-up of disbursals across our business operations are as under:

Disbursement	Six Months Ended September 30, 2023		March 31,					
			2023		2022		2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
Commercial Vehicle Finance	33,089.00	95.48	78,669.00	95.76	57,529.65	96.42	51,088.00	96.75
Infrastructure Equipment Finance	1,294.00	3.73	2,954.00	3.60	1,765.59	2.96	1,476.21	2.80
Others	271.00	0.79	529.00	0.64	371.01	0.62	235.38	0.45
Total	**34,654.00**	**100.00**	**82,152.00**	**100.00**	**59,666.25**	**100.00**	**52,799.59**	**100.00**

Asset Classification and Provisioning Policy

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

Our Company holds provisions as per the Expected Credit Loss (**"ECL"**) framework provided under Ind AS 109. The RBI requires us to simultaneously compute provisions as per extant prudential norms on income recognition, asset classification and provisioning and appropriate from net profit or loss after tax, the difference between the aggregate provisioning at the individual company level using the two approaches to a separate impairment reserve. Any withdrawals from this reserve can be done only with prior permission from the RBI.

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

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

a. As per RBI Returns and Ind AS 109 compliance

Particulars	September 30, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
(I) RBI Returns–IRACP								
Standard Assets	117,863.37	94.27%	112,694.35	94.15%	1,08,880.26	94.82	1,07,392.45	95.05
Gross NPA of which:	7,157.80	5.73%	6,997.89	5.85%	5,942.21	5.18	5,594.01	4.95
- **Sub-standard**	2,866.32	2.29%	3,591.33	3.00%	1,905.11	1.66	2,384.58	2.11
- **Doubtful**	1,633.42	1.31%	733.42	0.61%	1,393.28	1.21	896.78	0.79
- **Loss**	2,658.06	2.13%	2,673.14	2.23%	2,643.82	2.30	2,312.65	2.05
Total loan assets / gross credit exposure	125,021.17	100.00	119,692.24	100.00	1,14,822.47	100.00	1,12,986.46	100.00
Provision for non-performing assets – IRACP	3,553.42		3,576.94		3,587.03		3,071.18	
Amount written-off	174.30	0.14%	233.77	0.20%	157.35	0.14	166.76	0.15
(II) Ind AS 109 – ECL Allowance								
Gross Carrying Amount of Asset	125,021.17		119,692.24		114,822.47		112,986.46	
Stage 3 Gross Loan Assets	7,157.80	5.73	6,997.89	5.85	5,942.21	5.17	5,594.01	4.95
ECL Allowances (All Stages)	5,383.98		5,192.14		4,511.27		3,632.73	
Net Carrying Amount of Assets	119,637.19		114,500.10		110,311.20		109,353.73	

Particulars	September 30, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
Stage 3 Net Loan Assets (% denote as % on net carrying amount of Assets)	3,604.38	2.97	3,122.21	2.95	2,005.26	1.82	2,388.93	2.18
Amount Written-off	174.30		233.77		157.35		166.76	

Source: Periodic RBI returns and Financial Information for FY 2021, 2022, 2023 and September 30, 2023.

Funding sources

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

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

(₹ lakh)

As on	Shareholder Funds*	Total Debt funds #	Debt Equity ratio
30-Sep-2023	18,401.57	1,12,526.88	6.12
31-Mar-23	18,083.86	108,405.70	5.99
31-Mar-22	17,095.14	1,06,379.94	6.22
31-Mar-21	16,488.67	1,03,567.77	6.28

* *Share capital [Equity] + Reserves and Surplus (excluding revaluation reserve) - miscellaneous expenditure (to the extent not written off or adjusted comprising of intangible assets) till year ended/ as at September 30, 2023.*

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

Debt fund

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

Particulars	As at September 30, 2023		March 31,					
			2023		2022		2021	
	₹ *lakh*	%	₹ *lakh*	%	₹ *lakh*	%	₹ *lakh*	%
SECURED LOANS								
Redeemable non-convertible debentures (Private Placement)	10,704.25	10	12,503.79	12	10,948.15	10	12,006.93	12
Redeemable non- convertible debentures (Public Issue)	39,098.51	35	36,779.05	34	31,180.10	29	17,157.21	17
Term loans from financial institutions, and other lenders	8,745.58	8	2,726.93	3	5,103.27	5	8,573.28	8
Cash credit and demand Loans from Banks	8,117.81	7	12,000.29	11	10,541.92	10	14,589.91	14
TOTAL SECURED LOANS (A)	**66,666.15**	**59**	**64,010.06**	**59**	**57,773.44**	**54**	**52,327.33**	**51**
UNSECURED LOANS								
Preference Share Capital	1,562.04	1	1,500.00	1	1,500.00	1	1,842.38	2
Fixed deposits	3,060.48	3	2,706.58	2	8,813.07	8	17,512.70	17
Subordinated debt	28,523.29	25	27,814.03	26	26,528.16	25	25,374.80	25
Redeemable non- convertible debentures (Public Issue)	12,714.92	11	12,375.03	11	11,765.27	11	6,510.56	6
TOTAL UNSECURED LOANS (B)	**45,860.73**	**41**	**44,395.64**	**41**	**48,606.50**	**46**	**51,240.44**	**49**
TOTAL LOAN FUNDS (A+B)	**1,12,526.88**	**100**	**1,08,405.70**	**100**	**1,06,379.94**	**100**	**1,03,567.77**	**100**

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

The figures as at March 31, 2023, 2022 and 2021 are based on the Audited Financial Statements and figures as at September 30, 2023 are based on the LRR submitted by the company to the Stock Exchange under SEBI- LODR requirements for listed companies

Our short-term fund requirements are primarily funded by cash credit from banks including working capital demand loans. Cash credit from banks including working capital demand loans outstanding as at September 30, 2023 was ₹ 8,117.81 lakh.

We are registered as a deposit-taking NBFC with the RBI under Section 45-IA of the Reserve Bank of India Act 1934, which authorizes us to accept deposits from the public. As at September 30, 2023, we had fixed deposits outstanding of ₹ 3,060.48 lakh.

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

Sep 2023	2023	2022	2021
10.46%	10.27%	10.44%	10.42%

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

Capital Adequacy Ratio

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

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

(₹ lakh)

Particulars	**As at Sept 30, 2023**	**As at March 31**		
		2023	**2022**	**2021**
Eligible Tier I Capital	17,797.20	17,584.59	16,697.54	15,702.21
Eligible Tier II Capital	22,281.23	7,149.11	9,627.79	11,395.40
Total Capital	40,078.43	24,733.70	26,325.33	27,097.61
Risk Weighted Assets				
Adjusted value of funded risk assets	1,27,992.93	124,603.26	120,769.49	119,663.64
Adjusted value of non-funded risk assets	1,071.07	1,071.07	777.64	669.06
Total Risk Weighted Assets	1,29,064.00	125,674.33	121,547.13	120,332.70
Capital Adequacy Ratio (%)	**17.26**	**19.68**	**21.66**	**22.52**
Tier I Capital (%)	13.40	13.99	13.74	13.05
Tier II Capital (%)	3.87	5.69	7.92	9.47

(Source: RBI returns DNBS03 September 30, 2023, March 23, March 22, and March 21)

Credit Rating

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. The following table sets out our credit ratings for FY 2023-2024:

Rating Agency	Instruments	Rating	Limit (₹ lakh)
ICRA Limited	Non-convertible debenture (Proposed)	[ICRA] BBB (Stable)	20,000
ICRA Limited	NCD (Listed and Unlisted)	[ICRA] BBB (Stable)	62,208
ICRA Limited	Fund Based Term Loan	[ICRA] BBB (Stable)	11,476
ICRA Limited	Fund Based Long Term Facilities from Banks - Cash Credit (CC)	[ICRA] BBB (Stable)	10,000
ICRA Limited	Fund Based Interchangeable (as a sub limit of Cash Credit)	[ICRA] BBB (Stable) / [ICRA] A2	(4,788)
ICRA Limited	Short Term Facilities from Banks – WCDL	[ICRA] A2	10,000
ICRA Limited	Fixed Deposits	[ICRA] BBB (Stable)	-

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

INSURANCE

We maintain insurance cover for our free-hold / lease-hold and tangible properties and infrastructure at all owned premises which provide insurance cover against loss or damage by fire, earthquake, electrical and machinery break-down. Further, we maintain insurance cover for cash in safe for the office premises and cash in transit policy which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up.

RISK MANAGEMENT

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

Market Risk: Interest Rate Risk and Liquidity Risk

Interest Rate Risk

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

Liquidity Risk

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

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

Credit Risk

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

Operational Risk

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

Cash Management Risk

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

Reputational Risk

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

Regulatory and Compliance Risk

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

EMPLOYEES

The availability of experienced and quality human resource play significant role in the growth and maintaining the asset quality of the Company. Our human resource policy is to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among employees. We are taking necessary steps to strengthen the organizational competency through training at all levels and installing effective systems. Our total employee strength was 536 as on December 31, 2023.

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

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

Our Company has entered into an agreement with Sakthi Management Services (Coimbatore) Ltd. for outsourcing manpower services.

Our organizational structure refer Page 142 relies on efficient communication and feedback system. We evaluate the performance of our employees at regular interval in line with target allocated to them. We provide a performance-based monetary as well as non-monetary incentive to the employees along with progressive career path. In the event of low or moderate performance, we deliberate it with employee, identify the reason and take appropriate steps in the form of extending training or support from branch office to achieve the desired performance.

TECHNOLOGY

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

The requisite hardware, software, networking and power-conditioning components are in place to support the effective deployment of the business applications.

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

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

The reputed Customer Relationship Management (**"CRM"**) application, salesforce.com is being deployed gradually to shorten the turn-around-time of the marketing/sales operations till the payment stage and also to enhance the productivity of the marketing officers. Our company has also taken steps to collaborate with all stakeholders through suitable facilities like video/audio conferencing, chatting. A web enabled mobile application is implemented to enable the effective collection of EMIs from the customers by the front-end team. A reputed and web enabled application, peoplestrong.com is in place to handle the entire cycle of the Human resources related operations.

PROPERTY

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

We operate our business operation through network of branches and CSP. Except for Mumbai and Madurai branch offices, which are owned by us, all other branches are occupied by us on lease or license basis. We own land which comprises for our windmill operations, the brief details of which are provided at page 125 of Chapter titled "***Our Business***" of the Prospectus. We also hold 6 other immovable properties which are used for various other purposes by our Company. Our Company has acquired a piece of land in Coimbatore for Corporate Office purpose.

Intellectual Property

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

COMPETITION

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

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

COLLABORATIONS

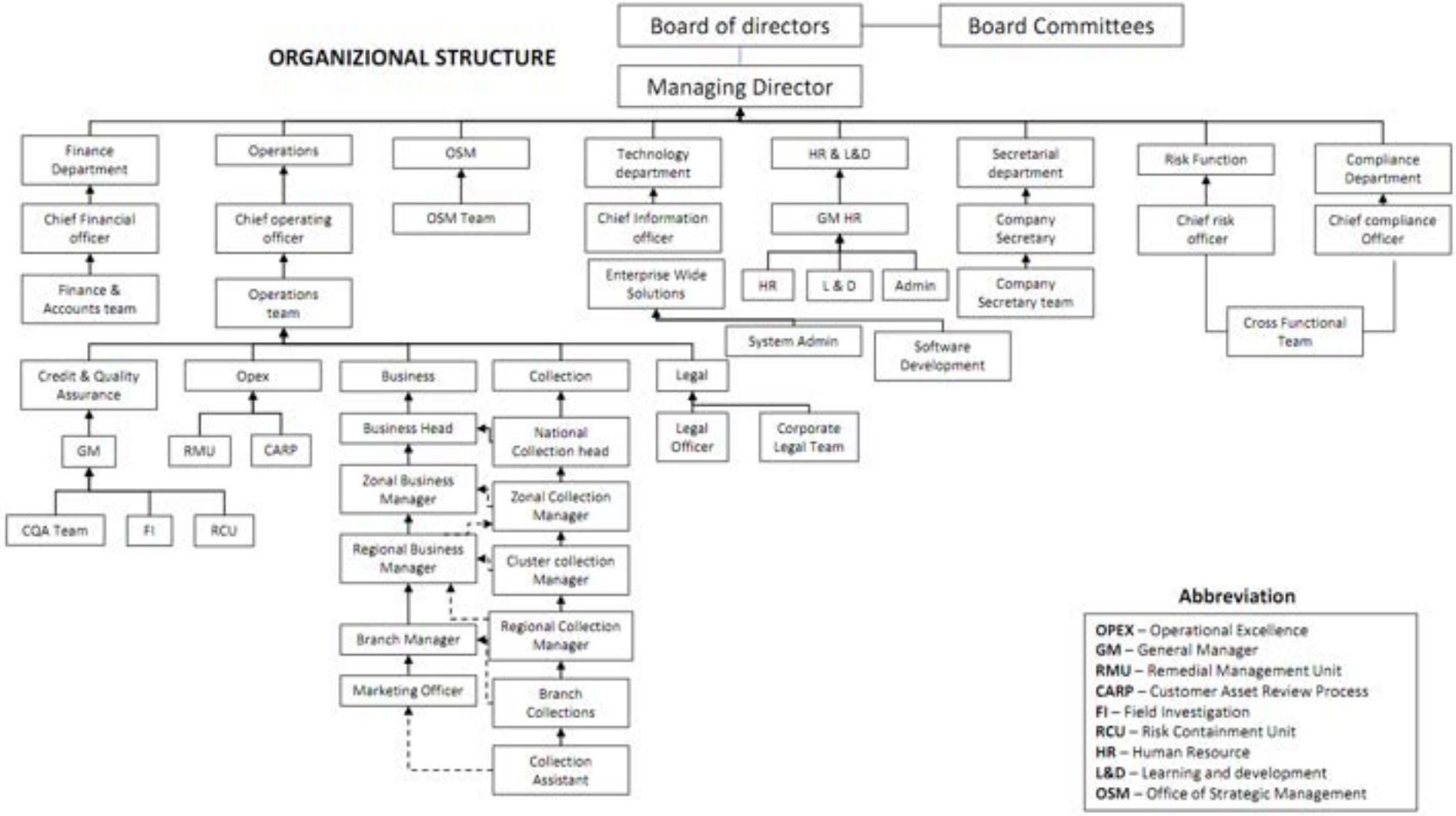
Except as disclosed in the Prospectus, our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.

CORPORATE SOCIAL RESPONSIBILITY

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

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

ORGANIZATION STRUCTURE



HISTORY AND CERTAIN CORPORATE MATTERS

BRIEF BACKGROUND OF THE COMPANY

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

Our Company holds a certificate of registration issued by the RBI dated April 17, 2007 bearing registration no. 07-00252 to carry on the activities of an NBFC under Section 45-IA of the RBI Act 1934 as an NBFC-Investment and Credit Company-Deposit-Taking (Middle Layer). Our Company's business currently involves acceptance of deposits, non-convertible debentures, hire purchase financing of commercial vehicles, machinery etc. with its main focus on the financing of pre-owned commercial vehicles. As on December 31, 2023, we have a network of 53 branch offices located in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, New Delhi and Union Territory of Puducherry. For details in relation to our business activities, please refer Chapter titled **"*Our Business*"** on page 125.

Disclosures required under Section 30 of the Companies Act, 2013

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

Registered Office and changes in registered office of our Company

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

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

Key events, milestones and achievements since FY 1984-85

FY	Particulars
1984-85	▪ Company made an initial public issue of Equity Shares for ₹ 75 lakh. ▪ The Equity Shares were listed on BSE, MSE and Delhi Stock Exchange Ltd.
1985-86	▪ Fixed deposit acceptance crossed ₹ 1,000 lakh ▪ Company expanded safe deposit locker operations ▪ Stock on hire limit crossed ₹ 1,000 lakh ▪ 10 branch offices opened
1986-87	▪ Stock on hire limit crossed ₹ 2,500 lakh ▪ Paid up capital rises to ₹100 lakh
1987-88	▪ Gross income exceeded ₹ 1,000 lakh ▪ Crossed limit of 25 branch offices
1988-89	▪ Fixed deposit acceptance crossed ₹ 6,000 lakh ▪ Number of fixed depositors crossed 1,00,000 mark ▪ Crossed limit of 38 branch offices
1989-90	▪ Fixed deposit acceptance crossed ₹ 8,000 lakh
1990-91	▪ Fixed deposit acceptance crossed ₹ 10,000 lakh ▪ Stock on hire crossed ₹ 7,000 lakh ▪ Gross income crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 1,000 lakh

FY	Particulars
1991-92	▪ Stock on hire crossed ₹ 7,500 lakh
1992-93	▪ Fixed deposit acceptance crossed ₹ 12,000 lakh
1993-94	▪ Stock on hire crossed ₹ 10,000 lakh ▪ Bank borrowings limit crossed ₹ 1,000 lakh
1994-95	▪ Company obtains credit rating of MA from ICRA Ltd for its fixed deposit programme ▪ Bank borrowings limit crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 2,500 lakh ▪ Fixed deposit acceptance crossed ₹ 17,500 lakh ▪ Net profit exceeded ₹ 500 lakh
1995-96	▪ ICRA upgraded company's fixed deposit programme to MA+ ▪ Gross income crossed ₹ 5,000 lakh ▪ New Head Office building inaugurated ▪ Equity Shares listed in Coimbatore Stock Exchange Limited
1996-97	▪ Stock on hire crossed ₹ 22,000 lakh
1997-98	▪ New prudential norms of RBI adopted ▪ Retail secured redeemable non-convertible debentures were issued on private placement basis
1998-99 (18 months)	▪ RBI registration obtained to function as an NBFC ▪ Gross income crossed limit of ₹ 7,500 lakh ▪ Retail secured redeemable non-convertible debentures crossed ₹ 3,000 lakh
1999-01 (18 months)	▪ Net worth crossed ₹ 3,000 lakh
2001-02	▪ Stock on hire crossed ₹ 14,000 lakh
2004-05	▪ Net stock on hire crossed ₹ 15,000 lakh ▪ The shares of the Company delisted from Coimbatore and Delhi Stock Exchanges Limited
2005-06	▪ Retail non- convertible debentures crossed ₹ 6,000 lakh
2006-07	▪ Classified as an Asset Finance Company by RBI ▪ Net stock on hire crossed ₹ 20,000 lakh ▪ Bank / FI borrowings crossed ₹ 2,500 lakh
2007-08	▪ Paid up equity capital crossed ₹ 2,500 lakh ▪ Net stock on hire crossed ₹ 25,000 lakh ▪ Net worth crossed ₹ 5,000 lakh ▪ Retail non-convertible debenture limit crossed ₹12,500 lakh
2008-09	▪ Net Profit crossed ₹ 500 lakh ▪ Stock on hire crossed ₹ 34,000 lakh ▪ Bank / FI borrowings crossed ₹ 6,000 lakh
2009-10	▪ Stock on hire crossed ₹ 40,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Retail non-convertible debentures crossed ₹ 27,500 lakh
2010-11	▪ Stock on hire crossed ₹ 50,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Reaffirmed long term rating of [ICRA] BBB for bank funds and [ICRA] A2 for short term bank funding
2011-12	▪ Gross income crossed ₹ 10,000 lakh ▪ Net worth crossed ₹ 12,500 lakh ▪ Profit after tax crossed ₹ 1,100 lakh
2012-13	▪ Gross income crossed ₹ 12,500 lakh ▪ Retail debentures crossed ₹ 40,000 lakh
2013-14	▪ Stock on hire crossed ₹ 75,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 17,500 lakh
2014-15	▪ The Equity Shares were delisted from MSE ▪ First Public issue of secured redeemable non-convertible debentures for ₹ 10,000 lakh
2016-17	▪ Second Public issue of secured redeemable non-convertible debentures for ₹ 20,000 lakh ▪ AUM crossed: ₹ 90,000 lakh ▪ Income crossed: ₹ 17,000 lakh
2017-18	▪ Bank / FI borrowings limit crossed ₹ 19,500 lakh ▪ Net worth crossed ₹ 15,000 lakh
2018-19	▪ Enhancement of Authorized Capital to ₹ 13,000 lakh

FY	Particulars
2019-20	▪ Third Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 15,000 lakh ▪ Issue of 1,47,05,882 Equity Shares to three of the promoter Group Companies and a body corporate at a premium of ₹ 7 per share ▪ Financial Statements of the company have been prepared for first time in accordance with Indian Accounting Standards **("Ind AS")**
2020-21	▪ Fourth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh
2021-22	▪ Fifth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh
2022-23	▪ Sixth Public Issue of secured redeemable non-convertible debentures for ₹ 10,000 lakh
2023-24	▪ Seventh Public Issue of secured redeemable non-convertible debentures for ₹ 20,000 lakh

Main Objects of Our Company

As our Company was registered before commencement of the Companies Act, 1956, our Object Clause is not segregated into the main objects, ancillary objects and other objects. The following are the objects which allow our company to carry out the NBFC activities:

1. To lend and or advance money or grant loans on any terms that may be thought fit with or without security to persons, firms, individuals, Companies, local bodies or Government and particularly to customers and other persons having dealings with the Company.

2. To promote, assist in promoting, finance, aid, procure aids, manage, takeover or operate any undertaking whether existing or new.

3. To act as secretaries and financier to enterprises.

3-A To act as an Issue House, Registrars and Share Transfer Agents, Financial Advisers, Technical Consultants, System Analysts and Data Processors.

4. To purchase, sell, exchange, deal in or invest in shares, debentures, bonds, stocks of Joint Stock Companies, firms, Local Bodies or of Government.

4-A To carry on the business of Underwriters, Sub-Underwriters, Brokers, Managers, Advisers, Consultants to Issue of Shares, Debentures, bonds, fixed deposits and other securities and of Syndication of Loans, Project Finance, Working Capital facilities and Deferred Payment facilities.

5. To act as godown keepers, brokers, commission agents, representatives or salesman to manufacturers, dealers, exporters, importers and/or such other persons.

5-A To aid and carry on the business of all kinds of agencies of vehicles, machinery and equipment and consumer durables.

6. To accept, endorse, negotiate, dispose of any kinds of goods or merchandise as may be received from time to time from customers and to advance money on the security of such goods or merchandise.

7. To purchase, erect, construct, maintain, repair, alter, sell and deal in buildings, houses, channels, tenements, factories, machinery, plants and tools and to let them on lease or otherwise and to deal in all materials and machinery for that purpose.

7-A To carry on the business of manufacturing, assembling, fitting, buying, selling, exchanging, altering, hiring, letting on hire, importing, exporting and dealing in all kinds of cars, trucks, buses, chassis, lorries, motor cycles, tractors, scooters and other conveyances of every description and in all spares and component parts required thereto and in all kinds of machineries required for civil, commercial, military or agricultural purposes or otherwise and in all kinds of materials, engines, machinery, tools, implements, accessories, equipments and apparatuses for use in connection with, whether for cash or for credit or hire purchase or instalment system or in any mode as may be thought fit.

7-B To carry on the business of general financiers including leasing of and dealers in land, buildings, plant and machinery, construction equipments, drilling rigs, fixtures and all kinds of office equipments.

7-C To acquire immovable or movable property which the Company may think it desirable to acquire by way of investments or with a view to provide commercial and housing scheme to the depositors of the Company.

7-D To carry on the business of manufacturing of and be engaged in all processes involved in the manufacture of all kinds of fibres, yarn, cloth, fabrics (including canvas, denims, hosiery and terry towels) and apparels and as dealers, merchants, exporters, importers, agents and distributors in any of them or in any textile goods and in all kinds of plant, machinery, tools, appliances, ancillaries, components and chemicals used in textile industry.

8. To acquire and takeover on lease or otherwise the whole or any part of any business, goodwill, trademarks, rights, interest etc. and property and liability of any person, firm or Company carrying on a business either identical to or similar to that which this Company is authorized to carry on.

8-A To render assistance to buy, sell, import, export, lease or otherwise deal in computers, computer software and computer hardware.

8-B To undertake rural development work with a view to inculcate the habit of savings in rural population and for this purpose, formulate plans, conduct propaganda, seminars, conferences and training courses.

8-C To publish books, magazines and periodicals connected with the subjects relevant to the Company's activities.

8-D To guarantee the payment of money, unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, instruments and securities of any Company or any authority, municipal, local or otherwise or of any person whomsoever, whether incorporated or not and generally to guarantee or become sureties for the performance of any contract or obligations for the business of the Company.

8-E To generate, harness, develop and accumulate Electric Power by utilising Wind, Solar, Tidal and other non-conventional sources of energy, to generate power by setting up power plants including Wind Electric, Hydro Power, Thermal Power, Diesel Power, multi fuel power and micro-hydel power plants for captive consumption and for supply and distribution to consumers of electric power.

9. To borrow, raise or secure the payment of money by mortgage or by debenture and in such manner as may be deemed fit and for the purpose aforesaid to charge all or any of the property or assets of the Company whether present or future including the uncalled capital of the Company.

Holding company

As on the date of the Prospectus, our Company does not have any holding company.

Subsidiary company

As on the date of the Prospectus, our Company does not have any subsidiary company.

Key terms of our material agreements

Other than the agreements in relation to this Issue, our Company has not entered into material agreements, more than two years before the date of the Prospectus, which are not in the ordinary course of business.

OUR MANAGEMENT

BOARD OF DIRECTORS

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

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

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
Dr. M. Manickam Designation: Chairman DIN **:** 00102233	67	No.25, Rukmani Nagar Ramanathapuram Coimbatore – 641 045	December 11, 1990	1) ABT Business Solutions Private Limited 2) ABT Limited 3) ABT Foods Retailing (India) Limited 4) Anamallais Bus Transport Private Limited 5) ABT Supply Chain Solutions Private Limited 6) Kovai Medical Center and Hospital Limited 7) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company under Companies Act 1956) 8) Sakthi Auto Component Limited 9) Sakthi Properties (Coimbatore) Limited 10) Sakthi Sugars Limited 11) Sri Chamundeswari Sugars Limited 12) The Gounder and Company Auto Limited 13) ABT Healthcare Private Limited (strike off) 14) Akash Sakthi Aviation Private Limited 15) Sakthi Indian Aviatech Private Limited
Sri. M Balasubramaniam Designation: Vice Chairman and Managing Director DIN: 00377053	65	No. 27 & 28 Rukmani Nagar Ramanathapuram Coimbatore – 641 045	August 21, 1985	1) ABT Limited 2) ABT Properties Limited 3) Anamallais Bus Transport Private Limited 4) Coimbatore Innovation and Business Incubator 5) Magnum Foundations Private Limited 6) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company under Companies Act 1956) 7) Sakthi Auto Component Limited 8) Sakthi Sugars Limited 9) Sakthifinance Financial Services Limited 10) Sakthi Properties (Coimbatore) Limited 11) ABT Supply Chain Solutions Private Limited 12) Sri Chamundeswari Sugars Limited 13) The Gounder and Company Auto Limited

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
Sri. M. Srinivaasan Designation : Non-Executive and Non-Independant Director DIN: 00102387	57	"Swagatham" 742, Krishna Temple Road, Indira Nagar Bengaluru– 560 038	April 18, 1994	1) ABT Limited 2) Chamundeswari Enterprises Private Limited 3) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company of the Companies Act 1956) 4) Sakthi Auto Component Limited 5) Sakthi Properties (Coimbatore) Limited 6) Sakthi Sugars Limited 7) Sri Chamundeswari Sugars Limited 8) SCSL Agro Private Limited 9) SCSL Agro Industries Private Limited (strike off) 10) Indian Sugar Exim Corporation Limited 11) The Gounder and Company Auto Limited 12) ABT Supply Chain Solutions Private Limited 13) Navamalai Holdings Private Limited 14) Nilambe Leisure Holdings Private Limited, Sri Lanka
Dr. A. Selvakumar Designation : Non-Executive and Independent Director DIN : 01099806	68	A-109, Raheja Enclave, 236, Race Course Road Coimbatore – 641 018	March 30, 2001*	1) Bison Agro Farms Private Limited 2) Sri Chamundeswari Sugars Limited 3) Sri Sakthi Textiles Private Limited 4) Vetriva Sports Academy Private Limited 5) Scomode Technologies Private Limited 6) Akashiq Data Care India Private Limited (strike off)
Sri. P.S. Gopalakrishnan Designation : Non-Executive and Independent Director DIN : 00001446	88	"Keshav Dugar" B-202, No.1, East Avenue Kesavaperumal Puram Chennai - 600 028	December 12, 2006*	1) Dharani Sugars and Chemicals Limited 2) Kothari Sugars and Chemicals Limited
Smt. Priya Bhansali Designation: Non-Executive and Independent Director DIN : 00195848	57	"Amrit" 24A, Bharathi Park Road 2, Coimbatore – 641 043	March 31, 2015#	1) Kaycee Industries Limited 2) Ishita Advisory Services Private Limited 3) Sakthi Sugars Limited 4) Salzer Electronics Limited
Sri. K. P. Ramakrishnan Designation: Non-Executive and Independent Director DIN : 07029959	69	K – 402, PNR Tripti Apartments, Nehru Nagar, 60 Feet Scheme Road, Ganapathy Coimbatore – 641 006	May 30, 2015#	1) Think Capital Private Limited 2) Sri Chamundeswari Sugars Limited
Dr. S Veluswamy Designation: Executive and Non-Independent Director DIN : 05314999 **	64	No.19/20 Bharathiyar Road Karpagavinayagar Nagar, Ganapathy Coimbatore – 641 006	May 29, 2019**	1) ABT Foods Agrovet Limited 2) ABT Foods Limited 3) ABT Finance Limited 4) Sakthi Pelican Insurance Broking Private Limited 5) Sakthifinance Commercial Vehicle and Infrastructure Limited

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

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

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

Brief profile of the Directors of our company

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

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

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

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

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

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

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

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

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

Other undertakings and confirmations

None of the Director of our Company is a director or is otherwise associated in any manner with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognized stock exchange, during the term of his/her directorship in such company.

None of our Directors have committed any violation of securities laws in the last five years and no proceedings are pending against any of our Directors.

None of our Directors have been categorized as a wilful defaulter by any bank or financial institution.

None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Relationship among 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.

Remuneration of Directors

The Nomination and Remuneration Committee determines and recommends to the Board the compensation to Directors. The Board of Directors or the shareholders, as the case may be, approve the compensation to Directors. The tables and details below set out the details of the remuneration pertaining to the last three financial years which has been paid or was payable to the Directors of our Company.

Terms and conditions of employment of Managing Director

Sri. M. Balasubramaniam was re-appointed as the Managing Director of our Company for a period of five years with effect from September 29, 2020, pursuant to a resolution of the Board of Directors of our Company on August 24, 2020 and the approval of the members of our Company pursuant to a resolution passed at the AGM held on December 17, 2020. The Company has entered into an agreement with Sri. M Balasubramaniam for his appointment as Managing Director of the Company on December 19, 2020.

The remuneration payable to Sri. M. Balasubramaniam by way of salary and other perquisites (as authorized by the members of our Company pursuant to resolution passed at their AGM held on December 17, 2020 and pursuant to Managing Director re-appointment agreement) is as follows:

Salary	₹ 3,00,000 per month
Perquisites	Not exceeding the annual salary as may be decided by the Board of Directors from time to time. In addition to the salary, Sri. M. Balasubramaniam shall also be entitled to the following perquisites: a. Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961;

	b. Gratuity at the rate of half a month's salary for each completed year of service; and c. Encashment of leave at the end of tenure as per the rules of the Company
Minimum Remuneration	The above salary and perquisites will be paid as minimum remuneration even in the event of loss or inadequacy of profits of any year.
Commission	3% on the Net Profits of our Company, subject to a maximum ceiling specified in Section 197 of the Companies Act 2013
The payment of above remuneration by the company is subject to the limits specified in Section V of Part II of Schedule IV to the Companies Act 2013 as may be applicable.	

Details of remuneration paid for the period ended 30th September 2023 and during the Fiscals 2023, 2022 and 2021 by our Company.

(₹ lakh)

Particulars	**For the period ended September 30, 2023**	**March 31,**		
		2023	**2022**	**2021**
Salary	21.36	43.80	49.60	41.39
Perquisites	-	-	-	-
Commission	-	63.67	56.73	49.41
Total	**21.36**	**107.47**	**106.33**	**90.80**

(Source: Annual Reports for 2021, 2022 and 2023 and financial Statements of H1 2023)

Terms and conditions of employment of Whole-Time Director

Dr. S. Veluswamy was appointed as the Additional Director and Director (Finance & Operations) (As a part of his role, he discharged the functions of Chief Financial Officer (**"CFO"**) as well) of our Company, for a period of five years with effect from May 29, 2019 pursuant to a resolution of the Board of Directors of our Company on May 29, 2019 and the approval of the members of our Company pursuant to a resolution passed at the AGM held on September 23, 2019.

The Company has entered into an agreement dated September 26, 2019 with Dr. S. Veluswamy for his appointment as Whole-time Director of the Company. He relinquished his position as Director (Finance and Operations) and resigned from the position Chief Financial Officer also with effect from 24th May 2022. However he continues to be a Non-Executive, Non-Independent Director of the Company.

The remuneration payable to Dr. S. Veluswamy by way of salary and other perquisites, (as authorized by the members of our Company pursuant to a resolution passed at the AGM held on September 23, 2019 and pursuant to appointment agreement), is as follows:

Salary	₹ 1,75,000 per month
Perquisites	₹ 1,75,000 per month. In addition to the salary, Dr. S. Veluswamy shall also be entitled to the following perquisites: a. Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961; b. Gratuity at the rate of half a month's salary for each completed year of service; and c. Encashment of leave at the end of tenure as per the rules of the Company.
Minimum Remuneration	The above salary and perquisites will be paid as minimum remuneration even in the event of loss or inadequacy of profits of any year.
The payment of above remuneration by the company is subject to the limits specified in Section V of Part II of Schedule IV to the Companies Act 2013, as may be applicable.	

Details of remuneration paid for the period ended 30th September 2023 and during the Fiscals 2023, 2022 and 2021 by our Company are as follows:

(₹ lakh)

Particulars	**For the period ended September 30, 2023****	**March 31,**		
		2023	**2022**	**2021**
Salary (for 2023 includes Terminal benefits)	-	36.26	34.06	29.47
Perquisites	-	-	-	1.76
Sitting Fees	1.00	3.30	-	-
Total	**1.00**	**39.56**	**34.06**	**31.23**

(Source: Financial Statements for 2023, 2022 and 2021)

******** *Dr. S. Veluswamy, Director (Finance & Operations) has relinquished his position and resigned as CFO of the company w.e.f. May 24, 2022. However, he continues to be a Non-Executive Non Independent Director of the company.*

Terms and conditions of employment of non-executive directors

Pursuant to a resolution passed by our Board at their meeting held on May 28, 2014, non-executive directors are entitled to be paid sitting fees of ₹ 20,000 per meeting for attending meetings of the Board and of the various Committees of the Board. The Board of Directors have, based on the recommendation of Nomination and Remuneration Committee at their meeting held on February 13, 2021, increased the sitting fees payable to our non-executive Directors as detailed below.

Sl No	Meetings	From	To
1	**For Board Meetings**	₹ 20,000	₹ 30,000
	For Mandatory Committee Meetings 1. Audit Committee Meeting 2. Nomination and Remuneration Committee Meeting 3. Policy Review Committee Meeting 4. Independent Directors' Meeting 5. CSR Committee Meeting	₹ 20,000	₹ 30,000
	For Other Committee Meetings 1. Asset Liability Management Committee Meeting 2. Risk Management Committee Meeting 3. Information Technology Strategy Committee Meeting 4. Stakeholders' Relationship Committee Meeting 5. NCD Issuance Committee Meeting 6. Allotment Committee Meeting 7. Finance and Investment Committee Meeting	-	₹ 10,000

The details of sitting fees paid to our non-executive directors for the period ended 30th September 2023 and for the financial year ended 31st March, 2023, 2022 and 2021 are as follows:

(₹ lakh)

Name	For the period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Dr. M. Manickam	1.00	4.30	3.50	1.90
Sri. M. Srinivaasan	0.90	4.50	4.20	2.40
Dr. A. Selvakumar	3.80	12.60	9.90	6.00
Sri. P.S Gopalakrishnan	1.20	4.50	3.60	3.30
Smt. Priya Bhansali	1.90	7.00	5.50	4.10
Sri. K.P Ramakrishnan	2.30	8.50	8.00	5.00
Dr. S. Veluswamy (furnished under salary for fiscal 2023)	1.00	3.30	-	-
Total	**12.10**	**44.70**	**34.70**	**22.70**

Borrowing powers of the Board

Pursuant to a resolution passed by the members through postal ballot process, results of which were declared on April 5, 2014 and in accordance with the provisions of Section 180(1)(c) of the Companies Act 2013, the Board has been authorized to borrow any sum or sums of money from time to time, as may, in the opinion of Board of Directors, deem necessary for the purpose of business of our Company upon such terms and conditions and with or without security as the Board of Directors may think fit, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained / to be obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore (Rupees Two Thousand Five Hundred Crore only) over and above the aggregate of the paid-up capital of the Company and

its free reserves. The aggregate value of the NCDs offered under this Draft Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limit of ₹ 2,500 crore.

Interests of our Directors

All the Directors of our Company, including our non-executive directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Sri. M. Balasubramaniam, Vice Chairman and Managing Director of our Company is interested to the extent of remuneration and commission paid for services rendered as an officer and/or employee of our Company. Dr. S. Veluswamy Director (Finance and Operations) and CFO of our Company is interested to the extent of remuneration paid for services rendered as an officer and/or employee of our Company up to 24th May 2022.

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the non-executive independent directors of our Company are entitled to sitting fees for attending every meeting of the Board or a Committee thereof. The whole-time Directors of our Company are interested to the extent of remuneration paid for services rendered, if any, as an officer or employee of our Company.

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as director, partner, member or trustee and promoter and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

Other than Dr. M. Manickam and Sri. M. Balasubramaniam, promoter directors of our Company, none of the Directors of our Company have any interest in promotion of our Company. None of our Directors have interest in any immovable property acquired or to be acquired by our Company in the preceding two years of filing this Draft Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc.

Our company has (i) entered into a lease agreement made on July 12, 2021 with Sri. M Srinivaasan, Director (Lessor) for lease of land admeasuring 14,136 square feet in Coimbatore for a lease of 3 years commencing from April 01, 2021 (valid for a period of 3 years ***i.e.*** upto March 31, 2024) on which our Head Office is situated. (ii) Our Company has taken a premises (appx. 650 sq.ft) on lease *vide* letter dated November 23, 2023, for our official purposes, which is owned by Smt. Vinodhini Balasubramaniam (Spouse of Sri. M. Balasubramaniam, Vice Chairman and Managing Director) for a period of 11 months commencing from December 01, 2023. The lease deed need not be registered with the relevant authorities and (iii) entered into an agreement with Sakthi Sugars Limited (common promoters) for acquiring a part of the premises of Sakthi Sugars Limited's Corporate Office at Race Course Road, Coimbatore for a consideration of ₹ 15 crore and paid the entire consideration, as an advance on March 30, 2023. The sale deed is yet to be executed and the possession is yet to be taken by our company. The Board of Directors at their meeting held on November 10, 2022 had extended the time for execution of Sale deed up to January 31, 2023. Subsequently, at the request of Sakthi Sugars Limited, the Board had extended time for execution till September 30, 2023. Further, Sakthi Sugars Limited, in terms of their letter dated September 30, 2023 had informed the company that procedure of releasing the existing charge on the property is taking time and requested the Company to grant further time till March 31, 2024 and accordingly time has been extended till March 31, 2024 with the approval of the Board of Directors. If the execution is further delayed/ rescinded, our Company will levy an interest @ 18% p.a. from the date of providing the advance till the conclusion of the deal.

Related Party Disclosures/ Transactions:

Except as stated below for the half year ended September 30, 2023 and to the extent of compensation and commission, if any, our Directors do not have any other interest in our business. None of our Directors have taken any loan from our Company. For Details of the RPT for Fiscals 2021, 2022 and 2023 please refer Annexure ***"Financial Statements"*** starting from Page No 308

(₹ lakh)

Sr No	Particulars	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	Half Year ended September 30, 2023	Year Ended March 31, 2023
1	**Income**					
	Rent received					
	Sakthifinance Financial Services Ltd	24.28	-	-	24.28	8.61
	ABT Industries Ltd.	12.30	-	-	12.30	23.43
	Sakthi Pelican Insurance Broking Private Limited	2.34	-	-	2.34	4.46
	Income from HP Operations					
	Sakthi Foundation	2.41	-	-	2.41	11.14
	Suddha Sanmarga Nilayam	0.29	-	-	0.29	1.14
	Interest Income					
	ABT Industries Ltd.	23.95	-	-	23.95	30.97
	Reimbursement of Expenses / Income					
	ABT Industries Ltd.	1.47	-	-	1.47	6.73
2	**Expenses**					
	Purchase of fuel					
	N.Mahalingam & Co	7.57	-	-	7.57	15.09
	Reimbursement of Expenses					
	(Electricity / Internet Charges)					
	ABT Industries Ltd.	3.94	-	-	3.94	3.55
	Sakthifinance Financial Services Ltd	0.61	-	-	0.61	0.94
	Rent paid					
	Smt.Vinodhini Balasubramaniam	-	-	1.20	1.20	2.40
	Sri M. Srinivaasan	-	61.67	-	61.67	117.53
	ARC Retreading Company Pvt Ltd	1.12	-	-	1.12	2.23
	N.Mahalingam & Co	6.30	-	-	6.30	14.16
	Sakthifinance Financial Services Ltd.	9.38		-	9.38	-
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	290.83	-	-	290.83	272.12
	Printing charges					
	Nachimuthu Industrial Association	8.83	-	-	8.83	13.40
	Sakthi Sugars Ltd., (Om Sakthi)	1.89	-	-	1.89	2.32
	Sakthi Foundation	0.63	-	-	0.63	1.13
	Professional Charges					
	Ramanandha Adigalar Foundation	-	-	-	-	22.89
	Corporate Social Responsibility Expenses					
	Ramanandha Adigalar Foundation	-	-	-	-	25.00

Sr No	Particulars	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	Half Year ended September 30, 2023	Year Ended March 31, 2023
	Remuneration					
	Sri M.Balasubramaniam	-	19.20	-	19.20	43.80
	Dr S.Veluswamy	-	-	-	-	32.62
	Sri Srinivasan Anand	-	12.29	-	12.29	25.79
	Sri S.Venkatesh	-	-	-	-	15.88
	Sri C Subramaniam	-	9.90	-	9.90	3.65
	Sri Amrit Vishnu B	-	-	5.05	5.05	3.15
	Perquisites					
	Sri M Balasubramaniam	-	-	-	-	0.75
	Employee Benefits					
	Sri M.Balasubramaniam	-	2.16	-	2.16	4.32
	Dr S.Veluswamy	-	-	-	-	2.30
	Sri S.Venkatesh	-	-	-	-	0.99
	Sri C Subramaniam	-	0.58	-	0.58	0.19
	Sri Amrit Vishnu B	-	-	0.11	0.11	0.07
	Commission					
	Sri M.Balasubramaniam	-	-	-	-	75.25
	Sitting Fees					
	Non-Executive Directors					
	Dr M.Manickam	-	1.00	-	1.00	4.30
	Sri M.Srinivaasan	-	0.90	-	0.90	4.50
	Dr S.Veluswamy	-	1.00	-	1.00	3.30
	Independent-Directors					
	Dr A Selvakumar	-	3.80	-	**3.80**	12.60
	Sri P S Gopalakrishnan	-	1.20	-	**1.20**	4.50
	Smt Priya Bhansali	-	1.90	-	**1.90**	7.00
	Sri K P Ramakrishnan	-	2.30	-	**2.30**	8.50
	Reimbursement of Travelling Expenses					
	Non-Executive Directors					
	Dr M.Manickam	-	0.06	-	**0.06**	0.27
	Sri M.Srinivaasan	-	0.06	-	**0.06**	0.24
	Dr S.Veluswamy	-	0.06	-	**0.06**	0.27
	Independent Directors					
	Dr A Selvakumar	-	0.06	-	**0.06**	0.27
	Sri P S Gopalakrishnan	-	0.06	-	**0.06**	0.24
	Smt Priya Bhansali	-	0.06	-	**0.06**	0.27
	Sri K P Ramakrishnan	-	0.06	-	**0.06**	0.27
3	**Assets**					
	Loans and advances given					
	Sri S.Venkatesh	-	-	-	-	2.00
	ABT Industries Ltd	500.00	-	-	**500.00**	350.00
	Loans and advances repaid					
	ABT Industries Ltd	-	-	-	-	(350.00)
	Sri S.Venkatesh		-		-	(4.79)

Sr No	Particulars	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	Half Year ended September 30, 2023	Year Ended March 31, 2023
	Outstanding as at the end of the year					
	Loans and advances					
	Sakthi Sugars Limited	1,500.00	-	-	1,500.00	1,500.00
	Sakthi Foundation	12.94	-	-	12.94	37.13
	Suddha Sanmarga Nilayam	2.16	-	-	2.16	4.59
	Sakthifinance Financial Services Ltd	10.12	-	-	10.12	14.24
	Sakthi Pelican Insurance Broking Private Limited	10.83	-	-	10.83	10.83
	ABT Industries Ltd	554.92	-	-	554.92	30.97
	Sri S.Venkatesh	-	-	-	-	6.38
	Sakthi Properties (Coimbatore) Limited	850.00	-	-	850.00	850.00
	Rent / Other reimbursement receivables					
	Sakthifinance Financial Services Ltd	11.00	-	-	11.00	23.62
	ABT Industries Ltd	5.63	-	-	5.63	20.00
	Sakthi Pelican Insurance Broking Private Limited	0.36	-	-	0.36	0.34
4	**Liabilities:**					
	Transaction during the period					
	Subscription in NCDs:					
	ABT Finance Ltd	(8.00)	-	-	(8.00)	(4.46)
	Sakthifinance Financial Services Ltd.	(0.77)	-	-	(0.77)	197.10
	Sakthi Financial Services (Cochin) Private Ltd.,	-	-	-	-	(7.16)
	Smt Samyuktha Vanavaraayar	-	-	15.00	15.00	-
	Miss Shruthi Balasubramaniam	-	-	15.00	15.00	(38.00)
	Smt Karunambal Vanavaraayar	-	-	(76.00)	(76.00)	300.00
	Sri P S Gopalakrishnan	-	-	-	-	25.00
	Smt Lalitha Ramakrishnan	-	-	(6.00)	(6.00)	1.00
	Smt Vinodhini Balasubramaniam	-	-	100.00	100.00	-
	Sri Amrit Vishnu Balasubramaniam	-	-	10.00	10.00	-
	Miss Anusha Bhansali	-	-	(10.00)	(10.00)	-
	Subscription in Redeemable Cumulative					
	Preference Shares ("RCPS")					
	Sakthi Financial Services (Cochin) Private Ltd.,	-	-	-	-	(50.20)
	Outstanding as at the end of period					

Sr No	Particulars	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	Half Year ended September 30, 2023	Year Ended March 31, 2023
	Investment in NCDs:					
	ABT Finance Ltd	-	-	-	-	8.00
	Sakthifinance Financial Services Ltd.	246.08	-	-	246.08	246.85
	Sakthi Financial Services (Cochin) Private Ltd.,	149.90	-	-	149.90	149.90
	Sri. P S Gopalakrishnan	-	35.00	-	35.00	35.00
	Smt. Vinodhini Balasubramaniam	-	-	180.00	180.00	80.00
	Smt. Samyuktha Vanavaraayar	-	-	210.00	210.00	195.00
	Miss Shruthi Balasubramaniam	-	-	55.00	55.00	40.00
	Sri. Amrit Vishnu Balasubramaniam	-	-	22.00	22.00	12.00
	Smt. Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt. Lalitha Ramakrishnan	-	-	25.00	25.00	31.00
	Sri. Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Miss Anusha Bhansali	-	-	-	-	10.00
	Smt. Karunambal Vanavaarayar	-	-	524.00	524.00	600.00
	Subscription in SD Bonds:					
	Smt. Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Miss. Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	Subscription in Redeemable Cumulative					
	Preference Shares ("RCPS")					
	Sakthi Financial Services (Cochin) Private Ltd.,	166.50	-	-	166.50	166.50
	Liabilities for expenses payable:					
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	M/s. N. Mahalingam and Co	2.23	-	-	2.23	2.07
	Commission payable to Sri M Balasubramaniam	75.25	-		75.25	75.25
	Sri M. Srinivaasan	-	6.01	-	6.01	5.66

Appointment of any relatives of Directors to an office or place of profit

Sri. Amrit Vishnu Balasubramniam S/o Sri. M Balasubramaniam, Vice Chairman and Managing Director has been appointed as Assistant Manager, (OSM) *w.e.f* December 9, 2022.

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Draft Prospectus

As per the provisions of our MOA and AOA, Directors are not required to hold any qualification shares. The details of the Equity Shares held in our Company by our Directors, as on the date of the Draft Prospectus are given below:

Sr. No	Name of the Director	Number of Shares held	(%) of the total paid-up equity capital
1	Dr. M. Manickam	92,813	0.14
2	Sri. M. Balasubramaniam	1,92,000	0.30
3	Sri. M. Srinivaasan	2,51,355	0.39
4	Dr. A. Selvakumar	300	Negligible

None of the Directors hold any Preference Shares in our Company.

Debenture/ Subordinated Debt holding of Directors of the Company

As on the date of the Prospectus, except Sri. P S Gopalakrishnan, Independent Director, none of the Directors hold any debentures or sub-ordinated debt in our Company. The relatives of some of the Directors hold debentures or sub-ordinated debts in our company.

Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company for the three years preceding the date of the Draft Prospectus are given below:

Name	Designation	DIN	Date of Appointment / Resignation	Date of Intimation	Remarks
Dr. S Veluswamy	Director (Finance & Operations) and Chief Financial Officer	05314999	May 29, 2019 and September 23, 2019	June 21, 2019	Appointment
Dr. S Veluswamy	Director (Finance & Operations) and Chief Financial Officer	05314999	Relinquished as Director (Finance and Operations) and resigned as Chief Financial Officer *w.e.f.* 24th May 2022	May 24, 2022	Continues as Non-Executive Non Independent Director

Our Company has appointed Sri. Srinivasan Anand as Chief Financial Officer with effect from September 03, 2021. He is a qualified Chartered Accountant with over 4 decades of experience with corporates in India and Qatar.

Our company has appointed Sri. K.S Venkitasubramanian as Chief Operating Officer *w.e.f.* September 03 2021. He is a qualified Chartered Accountant with over 30 years of experience with various foreign banks.

Corporate Governance

Our Company has complied with the requirements of Corporate Governance as mandated in Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 **("Listing Regulations")** in terms of Listing Agreement entered into by our Company with the Stock Exchange, particularly those in relation to the composition of the Board of Directors, constitution of Committees such as Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The Board has laid down a Code of Conduct for the Board of Directors and senior management of our Company and it is hosted on the website of our Company.

In addition, pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended, NBFCs are required to adhere to certain corporate governance norms including constitution of an Audit Committee, a Nomination Committee, a Risk Management Committee and certain other norms in connection with disclosure and transparency and connected lending. We have complied with these corporate governance requirements. The Company has also formulated an Internal Guidelines on Corporate Governance as required under RBI Master Directions.

Currently, our Board has Eight (8) Directors. In compliance with Regulation 17 of the Listing Regulations, of the 8 Directors on our Board, we have one Executive Director and seven non-Executive Directors. Our Chairman is a Non-Executive Director. Further, of the eight (8) Directors, we have Four (4) Independent Directors (including a Woman Director), Three (3) non-executive non-independent directors and One (1) executive non-independent director.

Key Management Personnel and Senior Management Personnel:

Sri Srinivasan Anand (Chief Financial Officer) and Sri C. Subramaniam (Company Secretary and Compliance Officer). We have a team of Senior Management Personnel as per details as under

1	Sri K S Venkitasubramanian	Chief Operating Officer
2	Dr. Natesan K	President – PMO

3	Dr. Purushothaman M	Associate Vice President - HR
4	Sri Jom Kuriakose Joseph	Associate Vice President - Strategic Initiatives
5	Sri S Venkatesh	Chief Compliance Officer
6	Dr. G Sundar	Chief Risk Officer
7	Dr. Raveendran N	Chief Information Officer
8	Sri Sagayaraj Joseph A	General Manager - Receivables Management
9	Sri Krishnan G R	General Manager – Credit
10	Sri Muthu Bharathi C	General Manager – HR
11	Sri Viswanathan Venkateswaran	General Manager – OSM
12	Sri S Senthil Kumar	Deputy General Manager - Finance & Accounts
13	Sri Vivek C	Deputy General Manager - Operations
14	Sri Rajendran S	Assistant General Manager - Management Services
15	Sri Bhaskaran I P	Assistant General Manager - PMO
16	Sri Gandeeban Dharuman	Assistant General Manager - EWS

Details of various Committees of the Board

Our Company has constituted the following Committees:

A. Audit Committee
B. Nomination and Remuneration Committee
C. Stakeholders' Relationship Committee
D. Corporate Social Responsibility (**"CSR"**) Committee
E. Asset Liability Management Committee
F. Risk Management Committee
G. Credit Committee
H. Finance and Investment Committee
I. NCD Issuance Committee
J. Allotment Committee
K. Policy Review Committee
L. Information Technology Strategy Committee (support group - Information Technology (IT) Steering Committee)
M. Special Investment Committee

The details of these Committees are as follows:

A. Audit Committee

The members of the Audit Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. A Selvakumar	Chairman	Non-Executive, Independent
2	Sri K P Ramakrishnan	Member	Non-Executive, Independent
3	Sri M Srinivaasan	Member	Non-Executive, Non-Independent

Terms of reference of the Audit Committee, among other things, include:

The Company has adopted an amended Audit Committee Charter on March 29, 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. Compliance with listing and other legal requirements relating to financial statements
    g. Disclosure of any related party transactions; and
    h. Modified Opinions in the draft audit report
6) Reviewing, with the management, the statement for uses/applications of funds raised through an issue (public issue, rights issue, preferential issue etc.,) the Statement of funds utilized for the purposes other than stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a (Public Issue or Rights Issue or Preferential Issue or qualified institutions placement) and making appropriate recommendations to the Board to take steps in this matter.
7) Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
8) Approval or any subsequent modification of transactions of the listed entity with related parties
9) Scrutiny of inter-corporate loans and investments.
10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11) Evaluation of internal financial controls and risk management process.
12) Reviewing with the management, performance of statutory and internal auditors adequacy of the internal control systems.
13) Reviewing the adequacy if internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency if internal audit;
14) Discussions with internal auditors of any significant findings and follow up thereon;
15) Reviewing the findings of an internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matters to the board;
16) Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18) To review the functioning of the whistle blower mechanism;
19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc., of the candidate.
20) Carrying out other function as is mentioned in the terms of reference of the audit committee;
21) Reviewing the utilisation of loans and/or advances from/investments by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whether is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
22) Review the report submitted by the Compliance Officer in respect of the Compliance with the Requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, at least once in a financial year and also verify whether the systems of internal controls for prevention of insider trading are adequate and are operating effectively.
23) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the listed entity and its shareholders.

The Audit Committee shall mandatorily review the following information:

1) Management discussion and analysis of financial condition and results of operations
2) Managements letter/letters of internal control weaknesses issued by the Statutory auditors;
3) Internal audit reports relating to internal control weaknesses; and
4) The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee.
5) Statement of deviations
   a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulations 32(1).
   b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulations 32(7).

B. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri P S Gopalakrishnan	Chairman	Non-Executive, Independent
2	Dr. A Selvakumar	Member	Non-Executive, Independent
3	Smt Priya Bhansali	Member	Non-Executive, Independent

Terms of reference of Nomination and Remuneration Committee was modified as required under Section 178 of the Companies Act 2013 and Part D of Schedule II to the Listing Regulations and includes:

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;
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 role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may;
   i. Use services of an external agencies, if required;
   ii. Consider candidates from a wide range of backgrounds, having due regard to diversity; and
   iii. Consider the time commitments of the candidates
3. Formulation of criteria for evaluation of performance of Independent directors and the board of directors;
4. Devising the policy on diversity of Board of Directors;
5. Identifying persons who are qualified to become directors as well as those who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
6. Whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.

C. Stakeholders' Relationship Committee

The Board of Directors at their meeting held on August 9, 2014 has renamed this Committee as Stakeholders' Relationship Committee. The members of the Stakeholders' Relationship Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. M Manickam	Chairman	Non-Executive, Non-Independent
2	Sri M Balasubramaniam	Member	Executive, Non-Independent
3	Dr. A Selvakumar	Member	Non-Executive, Independent

The powers and terms of reference of this Committee is as per Part D of Schedule II-B to the Listing Regulations.

Terms of reference of the Stakeholders' Relationship Committee, are given below:

1. 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.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. 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
4. 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.

D. Corporate Social Responsibility ("CSR") Committee

In line with the Companies Act 2013, our Company has constituted a CSR Committee of the Board consisting of three directors on August 9, 2014. The members of CSR Committee are as follows:

Sr. No	Name of the Member	Designation	Nature of Directorship
1	Sri P.S Gopalakrishnan	Chairman	Non-Executive, Independent
2	Dr. A Selvakumar	Member	Non-Executive, Independent
3	Sri M Balasubramaniam	Member	Executive, Non-Independent

The role of CSR Committee is to formulate and recommend to the Board, a CSR Policy which shall:
1. Indicate the activities to be undertaken as specified in Schedule VII to the Companies Act 2013;
2. Recommend the amount of expenditure to be incurred on the CSR activities;
3. To monitor the CSR Policy of the Company from time to time;
4. Prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company; and
5. To do all such acts, deeds and things as may be required in connection with the CSR activities.

Presently, in terms of amended Section 135(5) of the Companies Act 2013 read with relevant rules, as the CSR Expenditure to be incurred is less than the amount prescribed to be spent.in a year, the powers of CSR Committee are being exercised by the Board of Directors

E. 1. Asset Liability Management Committee

The ALM Committee was reconstituted on 9th December 2022 and the present members of the Asset Liability Management Committee are as follows:

Sr No	Name of the Member	Designation	Nature of Directorship/ Designation of Member
1	Dr. S. Veluswamy	Chairman	Non-Executive, Non Independent
2	Sri M Balasubramaniam	Member	Executive, Non Independent
3	Dr. A. Selvakumar	Member	Non-Executive, Independent
4	Sri Srinivasan Anand	Member	Chief Financial Officer
5	Sri K. S. Venkitasubramanian	Member	Chief Operating Officer
6	Dr. G. Sundar	Member	Chief Risk Officer
7	Sri S Senthil Kumar	Member	Deputy General Manager (Finance and Accounts)

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

2. Asset Liability Management ("ALM") Support Group (*w.e.f.* August 7, 2023)

Sl No	Name of the Member	Designation	Designation of Member
1	Dr. K. Natesan	Chairman	President

2	Sri K S Venkitasubramanian	Member	Chief Operating Officer
3	Sri C Subramaniam	Member	Company Secretary
4	Sri S. Senthil Kumar	Member	Deputy General Manager (Finance and Accounts)

F. Risk Management Committee

The Risk Management Committee was reconstituted on August 07, 2023 and present members of the Risk Management Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship/ Designation of Member
1	Sri M. Balasubramaniam	Chairman	Executive, Non-Independent
2	Dr. A. Selvakumar	Member	Non-Executive, Independent
3	Dr. G. Sundar	Member	Chief Risk Officer
4	Dr. S. Veluswamy	Member	Non-Executive, Non-Independent

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

G. Credit Committee

The Credit Committee was reconstituted on 13th November 2021 and present members of the Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship/ Designation of Member
1	Sri. M. Balasubramaniam	Chairman	Executive, Non-Independent
2	Sri. Srinivasan Anand	Member	Chief Financial Officer
3	Sri. K S. Venkitasubramanian	Member	Chief Operating Officer
4	Dr. K. Natesan	Member	President

Terms of reference of the Credit Committee are as follows:

To approve the hire purchase advance proposals with an exposure of above ₹ 35 lakh to an individual customer or group of customers belonging to a family.

The Board has also established a Working Committee as Sub-Committee to the Credit Committee with the following members:

Sl No	Name of the Member	Designation	Nature of Position
1	Dr. K. Natesan	Chairman	President
2	Sri S. Saravanakumar	Member	General Manager (Business Operations)
3	Sri A. Joseph Sagayaraj	Member	General Manager (CAMP)
4	Sri G. R. Krishnan	Member	General Manager (CAP)

The Working Committee will process the credit proposals and place it to the Credit Committee for its consideration.

H. Finance and Investment Committee

The members of the Committee are given below:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. M. Manickam	Chairman	Non-Executive, Non-Independent
2	Sri. M. Balasubramaniam	Member	Executive, Non-Independent
3	Dr. A. Selvakumar	Member	Non-Executive, Independent

Terms of reference of the Finance and Investment Committee are given below:

The Committee is authorized 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.

I. NCD Issuance Committee

The Committee was reconstituted by the Board of Directors at their meeting held on 13th February 2021. The members of the NCD Issuance Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Mr. M. Balasubramaniam	Chairman	Executive, Non-Independent
2	Dr. A. Selvakumar	Member	Non-executive, Independent
3	Dr. S. Veluswamy	Member	Non-executive, Non-Independent

Terms of reference of the NCD Issuance Committee are as follows:

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 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 and the minimum subscription for the NCD Issue;
f. Approval of the 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 with obtaining such listing;
h. Appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
i. Finalization of arrangement for the submission of the prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), 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 Registrar and Share Transfer Agent ("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.

J. Allotment Committee

The members of the Allotment Committee are as under:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri M. Balasubramaniam	Chairman	Executive, Non-Independent Director
2	Dr. A. Selvakumar	Member	Non-executive, Independent Director
3	Sri K.P. Ramakrishnan	Member	Non-executive, Independent Director

Terms of reference of the Allotment Committee:

Authorization to allot Equity Shares and other securities and to do such acts, deeds and things as may be deem necessary or desirable in connection with such allotment of Equity Shares and Securities.

K. Policy Review Committee

The members of the Policy Review Committee (reconstituted on December 9, 2022) are as under:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri K. P. Ramakrishnan	Chairman	Non-executive, Independent
2	Sri M Balasubramaniam	Member	Executive, Non-Independent
3	Dr. A. Selvakumar	Member	Non-executive, Independent
4	Smt Priya Bhansali	Member	Non-executive, Independent

Terms of reference of the Policy Review Committee: The Committee is formed for the purpose of reviewing all regulatory policies of the company from time to time.

L. Information Technology ("IT") Strategy Committee

The Committee was reconstituted by the Board of Directors at their meeting held on November 13, 2021. The members of the Information Technology (**"IT"**) Strategy Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship / Position held in Company
1	Dr. A. Selvakumar	Chairman	Non-Executive, Independent
2	Dr. S. Veluswamy	Member	Non-Executive, Non-Independent
3	Sri Srinivasan Anand	Member	Chief Financial Officer
4	Sri K. S. Venkitasubramanian	Member	Chief Operating Officer
5	Dr M. Purushothaman	Member	Associate Vice President
6	Dr N. Raveendran	Member	Chief Information Officer

Terms of reference of the IT Strategy Committee are as follows:

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.

Sub group - Information Technology ("IT") Steering Committee:

The committee was constituted by the Board of Directors at their Meeting held on November 20, 2022 to support the IT strategy committee.

The members of Information technology (IT) Steering are as follows.

Sl No	Name of the Member	Designation	Position held in the Company
1	Dr N Raveendran	Chairman	Chief Information Officer
2	Sri Srinivasan Anand	Member	Chief Financial Officer
3	Sri K S Venkitasubramanian	Member	Chief Operating Officer
4	Sri S Senthil Kumar	Member	Deputy General Manager (Finance and Accounts)

Terms of reference of the Information Committee are as follows:

a. Strategic IT Planning, Oversight of IT Performance and aligning IT activities with business needs;
b. Update Board / IT Strategy Committee and Vice Chairman and Managing Director periodically on the activities of IT Steering Committee;
c. Oversee the business continuity planning process etc;
d. Define IT project success measures and follow up progress on IT Projects;
e. Ensure compliance with technology standards and guidelines; and
f. Ensure implementation of a robust IT architecture meeting statutory and regulatory compliance.

M. 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:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri M Balasubramaniam	Chairman	Executive and Non-Independent
2	Dr. A. Selvakumar	Member	Non-Executive and Independent
3	Smt Priya Bhansali	Member	Non-Executive and Independent
4	Sri K. P. Ramakrishnan	Member	Non-Executive and Independent
5	Dr. S. Veluswamy	Member	Non-Executive, Non-Independent

Terms of reference of the Special Investment Committee: The Committee is formed for the purpose of reviewing all investment to be made by the Company from time to time.

OUR PROMOTERS

The following individuals are the Promoters of our Company:

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

The profile of our Promoters are given below:

Dr. M. Manickam, Chairman

Dr. M. Manickam (DIN: 00102233), was born on 24th March 1956 and aged 67 years. He is the promoter and Non-Executive, Non-Independent Director of our Company. He resides at No. 25, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.

His Permanent Account Number is ACWPM5801F

Dr. M Manickam is our Promoter as well as a Non-executive, Non-independent Board Director. He has a Master of Statistics from Madras University and a Master of Business Administration from the University of Michigan in the United States.He has over 40 years of experience in the business and industrial fields. He serves as an advisor to SFL. He is the Chairman and Managing Director of Sakthi Sugars Limited. In addition, he serves as Chairman and Managing Director of Sakthi Auto Component Limited.

In July 2010, he was awarded the "Doctor of Science" (*Honoris Causa*) Degree by Tamil Nadu Agricultural University, Coimbatore in recognition of his contributions to the management of agro-processing industries and agricultural development. He was also the President of the Indian Sugar Mills Association ("ISMA"), the South Indian Sugar Mills Association ("SISMA") during 1996-97, and the Sugar Technologists Association of India ("STAI").

Please refer "**Our Management**" on page 147 of this Draft Prospectus for more information on our Promoter's background, educational qualifications, business experience, positions / posts held in the past, term of appointment as Non-executive, Non-independent Director, and other directorships.

Our Promoter's Permanent Account Number, Aadhaar number, Driving License number, Bank account number(s), and Passport number were submitted to the Stock Exchange at the time of Draft Prospectus was filed.

Sri. M. Balasubramaniam, Vice Chairman and Managing Director

Sri. M. Balasubramaniam (DIN: 00377053), was born on 20th September 1958 and aged 65 years. He is the promoter and Executive, Non-Independent Director of our Company. He resides at No. 27 and 28, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.

His Permanent Account Number is ABEPB2022Q

Sri. M Balasubramaniam, is the promoter and Executive, Non-Independent Director of our Board. He holds a Master's Degree in Commerce from Madras University and a Master's Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He is presently the Vice Chairman and Managing Director of our Company. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry. He is a member of Southern Regional Committee of All India Council for Technical Education (**"AICTE"**). He was one of the Senate Members of Bharathiyar University, Coimbatore during 2016-2019.

For additional details on the background, educational qualifications, experience in the business of our Company, positions/ posts held in the past, term of appointment as Executive, Non-independent Director and other directorships of our Promoter, please refer ***"Our Management"*** on page 147 of this Draft Prospectus.

The permanent account number, aadhaar number, driving license number, bank account number(s) and passport number of our Promoter have been submitted to the Stock Exchange at the time of filing the Draft Prospectus.

Other Undertakings and Confirmations

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

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

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

Except as stated herein below, there is no instance of violation of securities laws have been committed by our Promoters in the past or are currently pending against them.

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

Interest of our Promoters in our Company

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

None of our Promoters have interest in any immovable property acquired or to be acquired by our Company in the preceding two years of filing this Draft Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company, except as stated in related party transactions, refer Financial Statements beginning on Page no 308.

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

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

Our promoters may subscribe to this Issue.

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

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

Promoter's holding in the Company as on September 30, 2023

A. Equity Shares

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

* *All Equity Shares held by the Promoters are in dematerialized form.*
*For aggregate equity shareholding of the promoters and promoter group, refer Chapter titled **"Capital Structure"** on page 54.*

B. Preference Shares

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

Details of Promoter's Contribution in our Company:

Dr. M Manickam

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

Sri M Balasubramaniam

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

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Details of the following financial statements are furnished in ***Annexure A (Beginning from Page 308)***

Sr. No.	Particulars	Page No.
1	Limited Review Report on unaudited standalone financial results for the half year ended September 30, 2023	F 3
2	Audited Financial Statements as at and for the Financial Year ended March 31, 2021	F 14
3	Audited Financial Statements as at and for the Financial Year ended March 31, 2022	F 120
4	Audited Financial Statements as at and for the Financial Year ended March 31, 2023	F 212

FINANCIAL INDEBTEDNESS

A brief summary of our Company's outstanding secured and unsecured borrowings as on September 30, 2023 together with a brief description of certain significant terms of such financing arrangement is as under:

Sr. No	Types of loan	Amount outstanding as on September 30, 2023 (₹ lakh)
SECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Term loans	8,742.95
B	Cash credit and short- term working capital demand loan / facilities	8,086.10
C	Secured, non-convertible debentures issued on private placement basis	10,301.50
D	Secured, Redeemable Non-Convertible Debentures (public issues)	36,889.56
E	Interest accrued but not due on the above outstanding	2,541.04
F	Unclaimed matured debentures and interest accrued thereon	105.00
(I)	**TOTAL SECURED BORROWINGS**	**66,666.15**
UNSECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Fixed deposits	2,851.38
B	Subordinated debt	23,397.46
C	Unsecured Redeemable Non-Convertible Debentures (public issues)	10,737.97
D	Interest accrued but not due on the above	7,311.88
E	Redeemable Cumulative Preference Shares	1,500.00
F	Interest accrued but not due on the above	62.04
(II)	**TOTAL UNSECURED BORROWINGS**	**45,860.73**
(III)	**TOTAL (I +II)**	**1,12,526.88**

1. SECURED BORROWINGS AVAILED BY OUR COMPANY

A. Term loans

Set out below is a brief summary of our Secured Term Loans as on September 30, 2023:

State Bank of India

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate ofInterest (% p.a.)
1	Deed of hypothecation and facility agreement dated 31st day of July, 2020.	5,000.00	1,817.95	58 monthly instalments	11.00% p.a. (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated 31st July 2020 (carved out from existing WC limits)	4,500.00	4425.00	10 Half Yearly Instalments	10.90% p.a.
Security		Exclusive first charge on hypothecation of assets covered under HP/Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender.			
Collateral		Exclusive Mortgage over the land and building (S.F.No.161/2, Total area 14,136 sq.feet) at Block No.7, D.No.62, Dr. Nanjappa Road, Coimbatore, land belonging to a) Sri. M. Srinivaasan, Director and b) Sakthi Finance Limited (leasehold rights).			
Penalty		Rate of interest *plus* 5% p.a.			
Rescheduling		Nil			
Event of Default 1. Irregularity in cash credit account. 2. Non submission of stock statement.		**Penalty** 5% per annum on the irregular portion for the period of irregularity. ₹ 1,800 per day.			

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate ofInterest (% p.a.)
3. Non submission of renewal data. 4. Non- renewal of insurance. 5. Diversion of funds. 6. Non - payment of interest/ instalment		Flat ₹ 45,000 up to the date of renewal and Flat ₹ 90,000 per month thereafter till the date of submission. ₹ 180 for each day of delay beyond due date. 1.80% on the entire out standings. 5% per annum on the irregular portion for the period of irregularity.			

Revalidated sanction letter dated March 30, 2023 for above loans and WC facilities

The Karur Vysya Bank Limited (Adhoc Limit)

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated September 30, 2023 Sanction letter September 30, 2023 (Adhoc facility). The Company has sought for extension of the adhoc facility for three more months, which is under consideration by the bank. Subsequently the bank has extended for another 3 months up to 27th March, 2024 vide its letter dated 20th December, 2023	1,500.00	1500.00	Bullet repayment on March 27, 2024	11.00% p.a.
Security		Exclusive first charge on hypothecation of assets covered under HP/ Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender with 1.33 Asset cover. Personal Guarantees of Dr. M.Manickam and Shri. M.Balasubramniam			
Penalty		Rate of interest *plus* 3% p.a. for delay/ default in repayment and non adherence of terms and conditons of the Sanction			

Shriram Finance Limited

Sr No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date /Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated September 25, 2023 (Sanction Letter dated 22/09/2023	1000	1000	36 months with one month moratorium	13.25% p.a. (compounded on monthly rest)
Security		Exclusive first charge on portfolio of receivables as acceptable to the lender 1.1 times the borrowings			
Prepayment		3% (exclusive of Taxes) on Principal Outstanding as on the foreclosure date. Provided that the Borrower will not be required to pay the Prepayment Penalty when the Lender arranges for the sale or securitization of the Portfolio in the agreement.			
Penalty		36% p.a. compounded on monthly rest.			
Rescheduling		Nil			
Events of Default		• Non-payment of charge / interest / instalment due on time • Misrepresentation, non-performance / breach / violation of terms of sanction			

Sr No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date /Schedule	Rate of Interest (% p.a.)
		• Amalgamation / reorganization, nationalization, etc. • Prevented by competent authority from carrying on business • Insolvency / winding up /apprehension of insolvency • Jeopardizing/prejudicial to security • Any failure on the part of management to fulfill any obligations			
Consequence of Default		On and at any time after the occurrence of an event of default, the lender may by 7 days written notice to the borrower : a) declare that all or part of the facility, together with accrued interest and all other amounts accrued or outstanding under the agreement and/or the security documents to be immediately due and payable, whereupon they shall become immediately due and payable; and/or b) declare that all or part of the facility be payable on demand, whereupon it shall immediately become payable on demand together with accrued interest and all other amounts accrued under the agreement and/or the security documents.			

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

Set out below is a brief summary of our secured Cash Credit and Short Term working capital demand loan / facilities as on September 30, 2023. Our cash credit and working capital demand loan are all repayable upon demand by the respective lenders.

Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
1	**Indian Overseas Bank** Letter of Hypothecation dated April 28, 2014 Consent Cum Authorization Letter dated April 28, 2014 (Renewal Letter dated 31/03/2023 CC limits renewed with reducing DP @ ₹25 lakhs per month.	CC : 800.00 --- **Total : 800.00** ---	115.68	MCLR + 4.10%	Hypothecation of specific HP receivables and any other security created in favour of the company to secure the relevant loan facilities to be obtained under the relevant obligor.
2	**The Karnataka Bank Limited** Hypothecation agreement dated November 27, 2013 Renewal of Sanction letter dated September 30, 2022. Agreement for book debt/ receivables dated November 27, 2013. **Presently the limit is continuing. Applied for renewal on November 30, 2023**	WCDL : 720.00 CC : 480.00 --- Total: **1,200.00** ---	1,029.70	MCLR + 1.40%	Already held exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to lease, Hypothecation loans and hire purchase agreement/loan agreement.

Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
3	**Bank of India** Modification of charge letter dated January 29, 2013 Sanction letter dated August, 22, 2022. Presently the Limit is operational. Submitted application for renewal on August 25, 2023.	CC : 600.00 --- **Total : 600.00** ---	370.56	MCLR + 3.05%	Hypothecation of vehicles / equipment now hired out by the company with all ancillary fittings, additions, tool, accessories and equipment and to be hired out by them from time to time by assigning all their contractual rights in the HP agreements between the borrower and the hirers executed and to be executed from time to time in favour of the bank by way of first charge. WCDL to be repaid in 36 equal instalments.
4	**Central Bank of India** Letter of hypothecation dated November 13, 2013; Letter of hypothecation, book-debts-loans dated November 13, 2013 Sanction Letter dated 24.03.2023	WCDL : 2,000.00 CC : 1,000.00 --- **Total : 3,000.00** ---	2,875.85	MCLR + 2.50%	Assignment of HP documents and hypothecation of assets under HP documents.
5	**State Bank of India** Agreement for overall limit dated July 31, 2020. Sanction letter dated March 30,2023 for renewal of limits.During this renewal there was a carve out of TL from WC Limits which is shown as Term Loan	CC: 1185.00	1,426.88	MCLR + 2.50%	Exclusive firstcharge on hypothecation of assets covered under HP / Hypothecation Loan / Lease agreements and the resultant receivables. Equitable mortgage over the land and building situated at S.F. No 161/2, Dr. Nanjappa Road, Coimbatore, Land belonging to Mr. M. Srinivaasan, Director.
6	**The Karur Vysya Bank Limited** **A**greement for cash credit and overdraft dated December 15, 2022 Sanction letter dated 15/12//2022. (Our Company has applied for renewal on October 26, 2023)	WCDL : 1,500.00 CC : 1,000.00 --- **Total : 2,500.00** ---	2,267.43	MCLR + 1.95%	Exclusive charge on Hypothecation of Current Assets, Book Debts, Loans and advances and receivable assigned to them (both present & future) with a margin of 25% (1.33 times)
	Total		**8,086.10**		

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

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

Our Company has issued secured, redeemable, non-convertible debentures of face value of ₹ 1 and ₹ 1,000 to subscribers on private placement basis **("NCDs on private placement basis").** These secured, redeemable, non-convertible debentures have been allotted on a continuing basis. The terms of conditions of these debentures including coupon rates, have been decided by the Board of Directors at the time of each issue. Given below is a brief summary of our secured, redeemable, non-convertible debentures as on September 30, 2023.

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

Fixed Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity period from the date of allotment	Date of Redemption	Amount outstanding as on 30th Sep, 2023
Opening balance up to 30.09.2022 (Principal)	**6,328.20**	8.50 to 10.00	15 to 36 Months	-	-
₹ 1,000 Debentures					
20.09.2022 to 15.09.2023	-	8.50 to 9.00	15 Months	20.12.2023 to 15.12.2024	629.00
19.10.2021 to 18.08.2023	-	8.75 to 9.25	24 Months	19.10.2023 to 18.08.2025	423.00
16.10.2020 to 29.06.2023	-	8.00 to 9.50	36 Months	16.10.2023 to 29.06.2023	3,744.00
28.11.2022 to 29.12.2022	-	9.75	48 Months	28.11.2023 to 29.12.2026	150.00
28.11.2022 to 15.09.2023	-	10 to 10.25	60 Months	28.11.2027 to 15.09.2028	1,493.00
Total (I)					**6,439.00**
Interest accrued but not due on the above **(II)**					**-**
Unclaimed Matured amount **(III)** (**₹ 1 Debentures**)					**5.00**
Unclaimed Matured amount **(IV)** (**₹ 1,000 Debentures**)					**100.00**
Total (I) + (II) + (III) + (IV)					**6,544.00**

Cumulative Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity Period from the date of allotment	Date of Redemption	Amount outstanding as on 30-Sep-23
Opening balance up to 30.09.2022 (Principal)	**3,435.10**		15 to 36 Months	-	-
₹ 1,000 Debentures	-	-	-	-	-
22.08.2022 to 29.09.2023	-	8.50 to 9.00	15 Months	22.11.2023 to 29.12.204	543.00
28.02.2022 to 29.09.2023	-	8.75 to 9.25	24 Months	28.02.2024 to 29.09.2025	469.00
19.11.2020 to 29.09.2023	-	9.00 to 9.50	36 Months	19.11.2023 to 29.09.2026	2,075.50
28.01.2023		9.75	48 Months	28.01.2027	25.00
28.11.2022 to 15.09.2023		10 to 10.25	60 Months	28.11.2027 to 15.09.2028	750.00
Total (I)					**3,862.50**
Interest accrued but not due on the above **(II)**					**297.75**
Unclaimed matured amount **(III)** (**₹ 1,000 Debentures**)					**-**
Total (I) + (II) + (III)					**4,160.25**

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

Public Issue May 2019

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

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on September 30, 2023 (₹ lakh)	Date of Allotment	Redemption Date
Unsecured								
IX	INE302E08207	Monthly	61	10.25	10.25	2,084.53	15/05/2019	15/06/2024
X	INE302E08035	Annually	61	10.25	10.65	106.70		15/06/2024
XI	INE302E08043	Cumulative	61	N.A.	13.24	2,183.57		15/06/2024
	TOTAL					**4,374.80**		
Rating	"[ICRA] BBB (Stable)"							
Security	Not Applicable for outstanding NCDs as these are issued as Unsecured NCDs.							

Public Issue May 2020

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

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

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on September 30, 2023 (₹ lakh)	Date of Allotment	Redemption Date
Secured							08/05/2020	
VI	INE302E07300	Monthly	49	10.00	10.00	1,894.23		08/06/2024
VII	INE302E07318	Annually	49	10.00	10.38	248.73		08/06/2024
VIII	INE302E07326	Cumulative	49	N.A.	12.17	1,129.16		08/06/2024
Unsecured								
IX	INE302E08050	Monthly	62	10.25	10.25	738.88		08/07/2025
X	INE302E08068	Annually	62	10.25	10.65	66.60		08/07/2025
XI	INE302E08076	Cumulative	62	N.A.	13.30	798.22		08/07/2025
TOTAL						**4,875.82**		
Rating	"[ICRA] BBB (Stable)"							
Security	Mortgage over an identified immovable property admeasuring 1,705 sq.ft. situated at Anna Nagar, Madurai, under Madurai Registration District, owned by our Company. Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue July 2021

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

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

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on September 30, 2023 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
III	INE302E07359	Monthly	39	9.75	9.75	1,663.12		29/10/2024
IV	INE302E07367	Cumulative	39	N.A.	11.32	1,595.15		29/10/2024
V	INE302E07375	Monthly	49	10.00	10.00	3,566.23	29/07	29/08/2025
VI	INE302E07383	Cumulative	49	N.A.	12.17	2,106.90	/2021	29/08/2025
Unsecured								
VII	INE302E08084	Monthly	61	10.25	10.50	3,088.94		29/08/2026
VIII	INE302E08092	Cumulative	61	N.A.	13.64	1,670.53		29/08/2026
	TOTAL					**13,690.87**		
Rating	"[ICRA] BBB (Stable)"							
Security	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue April 2022

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

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

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on September 30, 2023 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
I	INE302E07409	Monthly	24	8.50	8.50	826.37		29/04/2024
II	INE302E07417	Cumulative	24	N.A.	9.16	1,235.12		29/04/2024
III	INE302E07425	Monthly	36	8.75	8.75	412.01		29/04/2025
IV	INE302E07441	Cumulative	36	N.A.	9.88	681.25	29/04/	29/04/2025
V	INE302E07433	Monthly	48	9.00	9.00	227.64	2022	29/04/2026
VI	INE302E07458	Cumulative	48	N.A.	10.69	126.30		29/04/2026
VII	INE302E07466	Monthly	60	10.00	10.00	4,374.51		29/04/2027
VIII	INE302E07474	Cumulative	60	N.A.	12.77	2,116.80		29/04/2027
	TOTAL					**10,000.00**		
Rating	"[ICRA] BBB (Stable)"							
Security	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue May 2023

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

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

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

2. UNSECURED BORROWINGS AVAILED BY OUR COMPANY

A. Fixed deposits

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

Type of instrument	Amount outstanding as on September 30, 2023 (₹ lakh)*	Repayment date / schedule	Credit rating
Fixed deposits - non cumulative scheme	1,292.49	15-60 months from the date of the deposit / renewal	ICRA (BBB) - (Stable) (ICRA Limited)
Fixed deposits - cumulative scheme	1,558.89	15-60 months from the date of the deposit / renewal	
Total	**2,851.38**		

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

B. Unlisted subordinated debt

Our Company has issued unlisted unsecured, subordinated, non-convertible bond of face value of ₹ 1,000 ("**Retail Subordinated Debt I and II**") to retail subscribers on private placement basis. The Retail Subordinated Debts have been allotted on a continuing basis for a tenure of 61 months, at interest rates of 11.50% p.a (Retail Subordinated Debt Series I) and 10% p.a. (Retail Subordinated Series II). Given below is the brief summary of our retail subordinated debts as on September 30, 2023:

Type of instrument	Amount outstanding as on September 30, 2023 (₹ lakh)*	Repayment date / schedule	Date of allotment	Credit rating
Retail subordinated debt I		Tenor of 61 months	August 01 2013 to December 16, 2014	N A
Fixed Income	10.62			
Cumulative Income	6.24			
Retail subordinated debt II				
Fixed Income	13,782.00	Tenor of 61 months	October 30, 2018 to May 30, 2020	N.A
Cumulative Income	9,598.60			
Total	**23,397.46**			

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

3. Perpetual Debt

Our Company has not issued any Perpetual Debt

4. Commercial Papers

Our Company has not issued any Commercial Papers.

5. Corporate Guarantees

Our Company has not issued any Corporate Guarantees.

6. Inter-Corporate Deposits

Our Company has not issued any Inter-Corporate Deposits

7. Inter-Corporate Loans

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

8. Loan from Directors and Relatives of Directors

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

9. Details of any outstanding borrowings taken / debt securities issued for consideration other than cash. (a) in whole or part (b) at a premium or discount (c) in pursuance of an option as on September 30, 2023.

Our Company has no outstanding borrowings taken / debt securities issued whether taken or issued (a) for consideration other than cash, whether in whole or in part (b) at a premium or discount (c) in pursuance of an option as on September 30, 2023

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

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

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

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

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

Sl No	Name of Holder of NCS	Amount (₹ lakhs)
1	Jansi Rani Ramaswamy	922.00
2	Karunambal Vanavarayar	524.00
3	Manoharan P	450.00
4	Karpakavalli K	435.00
5	Saikumar B A	295.06
6	Tarla H Malani	270.00
7	Sakthifinance Financial Services Ltd	246.08
8	Anitha Shaikumar	233.16
9	Sockalingam Kalidhas	230.00
10	R Lalitha	210.00

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

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

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

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

14. *Significant restrictive covenants in our debt facilities*

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

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

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

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

SECTION VI: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 189.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/ or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
Issuer	Sakthi Finance Limited
Type of Instrument / Name of Security	Rated, Secured, Redeemable NCDs of Face Value of ₹ 1,000 each
Nature of the Instrument	Secured Redeemable Non-Convertible Debentures
Mode of Issue	Public Issue
Mode of Allotment	In dematerialized form
Mode of Trading	NCDs will be traded in dematerialized form
Settlement Mode of the Instrument	Through Various Modes
Lead Manager	Bonanza Portfolio Limited
Debenture Trustee	Catalyst Trusteeship Limited
Depositories	CDSL and NSDL
Registrars	Link Intime India Private Limited
Issue Size / Option to retain Over-subscription	Public Issue of Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,000 each **("NCDs")** for an amount not exceeding ₹ 10,000 lakh (hereinafter referred to as the "**Base Issue**") with an option to retain over subscription for an amount not exceeding ₹ 10,000 lakh, aggregating an amount not exceeding ₹ 20,000 lakh (hereinafter referred to as the **"Overall Issue Size**").
Seniority	The claims of Secured NCDs holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and /or regulatory requirements. The Secured NCDs would constitute secured obligations of our company and shall rank *pari passu inter se*, to the claims of other creditors of Company having the same security.
Eligible Investors	Refer the Chapter titled ***"Issue Procedure - Who can Apply"*** on page 207 of this Draft Prospectus
Listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 6 (six) Working Days from the date of Issue Closure. For more information, refer **"*Other Regulatory and Statutory Disclosures*"** on page 250 of this Draft Prospectus.
Minimum Subscription	In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size ***i.e.*** ₹ 7,500 lakh within 10 days from the date of opening of Issue entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants not later than within 8 (Eight) working days, from the date of closure of the Issue or such time as may be specified by the Board. In case application money is not unblocked within such period, the company shall pay interest at the rate of 15% per annum for the delayed period. Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the

	application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard in the SEBI Master Circular.
Credit Rating of the Instrument	The NCDs proposed to be issued by our Company have been rated by ICRA Limited (**"ICRA").** ICRA has, by its letter no. ICRA/Sakthi Finance Limited/10012024/1 January 10, 2024 and the rationale dated January 12, 2024 assigned a rating of **"[ICRA] BBB (Stable)"** for an amount up to ₹ 20,000 lakh for the proposed NCD issue. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. ICRA reserves its right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned. The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Debentures to be issued. Please refer to ***Annexure C*** of this Draft Prospectus for rating letters and rationale for the above ratings.
Objects of the Issue	Refer the Chapter titled ***"Objects of the Issue"*** on page 70 of the Draft Prospectus
Details of the utilisation of Issue Proceeds	Refer the Chapter titled ***"Objects of the Issue"*** on page 70 of the Draft Prospectus
Coupon Rate / Step up, Step Down Coupon Rate	Refer the Chapter titled ***"Terms of the Issue"*** on Page 189 of the Draft Prospectus. There will be no Step down / Step up in the interest rates during the tenor of the Debentures.
Coupon Reset Process	Not applicable as the Interest is fixed type for the NCDs.
Coupon payment frequency	Refer the Chapter titled ***"Terms of the Issue"*** on page 189 of the Draft Prospectus
Coupon payment Date	Refer the Chapter titled ***"Terms of the Issue"*** on page 189 of the Draft Prospectus
Coupon Type	Fixed
Day Count Basis	Actual /Actual
Interest on Application Money	Refer the Chapter titled ***"Terms of the Issue - paragraph on Minimum Subscription"*** on page 203 of the Draft Prospectus
Default Interest Rate	Our Company shall pay interest in connection with any delay in allotment, refunds in case of failure of the Issue or non-receipt of listing and trading approval, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws Our Company shall pay at least two per cent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within the period specified in the SEBI NCS Regulations.
Tenor	Refer the Chapter titled ***"Terms of the Issue"*** on Page 189 of the Draft Prospectus
Redemption / Maturity Date	**Option** | **Redemption date/ Maturity Period as applicable** [●] If the Redemption Date / Maturity Date of any Options of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment.
Redemption / Maturity Amount and Redemption Premium / Discount	Repayment of the Face Value plus any interest that may have accrued on the Maturity Date for Individual and/or Institutional and/ or Non-Institutional Investors, as the case may be.
Redemption Premium/ Discount	The NCDs under this Issue does not have any redemption premium / discount
Issue Price	₹ 1,000 per NCD

Discount at which Security is issued and effective yield as a result of such discount	Not Applicable
PUT/ CALL Options Date, Price and notification time	Not Applicable
Face Value	₹1,000 per NCD
Minimum application size and in Multiples of debt Securities thereafter	₹ 10,000 (10 NCDs) (for all Options of NCDs, either taken individually or collectively) and thereafter in lots of 1 NCD.
Market Lot / Trading Lot	The market lot will be 1 Debenture ("**Market Lot**"). Since the Debentures are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of debentures
Issue Timings:	
1. Issue Opening Date	[●]
2. Issue Closing Date**	[●]
3. Pay-in Date	All monies to be paid in on the application date
4. Date of earliest Closing of the Issue	Not earlier than 3 working days from the date of opening of the Issue.
5. Deemed date of Allotment, if any	The date on which the Board or NCD Issuance Committee thereof approves the Allotment of NCDs or such other date as may be determined by the Board / or the NCD Issuance Committee thereof and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Mode of Payment	Please refer the Chapter titled ***"Issue Procedure"*** on page 206 of this Draft Prospectus
Working Day (Business Day) Convention / Effect of holidays on payment	"**Working Day(s**)" mean(s) all days on which commercial banks in the city, as specified in the offer document, are open for business; Excluding Saturdays and Sundays or a holiday for commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges excluding Saturdays and Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. If the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date. ***In connection with NCDs where monthly interest is payable 15 (Fifteen) Days prior to the date on which interest is due and payable, or the date of redemption, or as may be prescribed by the Stock Exchanges and in connection with NCDs which are Cumulative in nature, 15 (Fifteen) Days prior to the date of redemption or as may be prescribed by the Stock Exchange.*** If the Record Date falls on a day that is not a Working Day, then the immediate succeeding Working Day will be deemed as Record Date. **Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount for such NCDs) prior to redemption of NCDs.**

All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As referred in the chapter titled ***"Terms of the Issue"*** on page 189 and in accordance with the Debenture Trust Deed.
Description regarding Security (where applicable) including type of security (movable, immovable, tangible etc.), type of charge (pledge / hypothecation / mortgage etc) date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus	The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company, as may be decided mutually by our Company and the Debenture Trustee to the Proposed Issue, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. The assets are not charged and there are no other creditors sharing the security that is offered for the issue of Secured NCDs on *pari passu* basis. Without prejudice to the above, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other timeframe as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectus, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security/ likely date of creation of security minimum security cover etc., please see "***Terms of the Issue - Security***" on page 189 We have received necessary consents from the relevant debenture trustee in relation to the NCDs. or further details on date of creation of security/ likely date of creation of security, minimum security cover etc, please refer to the Chapter titled "***Terms of the Issue – Security"*** on page 189 of this Draft Prospectus. The revaluation and replacement of the security shall be in accordance with the Debenture Trust Deed.
Security Cover	Our Company shall maintain a minimum 1 time security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Transaction Documents / Issue Documents	The Draft Prospectus and the Prospectus read with any notices, corrigenda, addendum thereto, the Debenture Trust Deeds, Abridged Prospectus along with Application Form, and other documents, as applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Sponsor Bank Escrow Agreement, the Registrar Agreement and the Lead Broker Agreement. For further details, please refer to Chapter titled **"*Material Contracts and Documents for Inspection*"** on page 304 of this Draft Prospectus.
Condition precedent to Disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedent to disbursement.
Condition subsequent to the disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)	Refer the Chapter titled **"*Terms of the Issue-Events of Default*"** on page 191 of this Draft Prospectus.
Creation of recovery expense fund	Our Company undertakes to deposit in the manner as may be specified by SEBI, from time to time, the amount in the recovery expense fund and inform the Debenture Trustee regarding the creation of deposit in such fund and inform the Debenture Trustee regarding the deposit of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Conditions for breach of covenants (as specified in Debenture Trust Deed)	The Debenture Trustee may, with the consent of all the Debenture Holder(s)/ Beneficial Owner(s), at any time, waive on such terms and conditions as it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee or the Debenture Holder(s)/ Beneficial Owner(s) in respect of any subsequent breach thereof.
Provisions related to Cross Default Clause	As provided in the Debenture Trust Deed.
Role and Responsibilities of Debenture Trustee	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Companies Act, the Listing Agreement and the Debenture Trust Deed, each as amended from time to time. Please refer Chapter titled **"*Terms of the Issue-Trustee for the NCD Holders*"** on page 190 of this Draft Prospectus.
Risk factors pertaining to the Issue	Please refer Section titled ***"Risk Factors"*** on page18 of this Draft Prospectus
Governing law and jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law and the competent Courts of jurisdiction in Coimbatore, India,

***** *Our Company will undertake this public issue of the NCDs in dematerialized form. Trading in NCDs shall be compulsorily in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. However, any trading of the NCDs shall be compulsorily in dematerialized form only.*

** *The subscription list shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or the NCD Issuance Committee. In the event of such early closure of or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE. For further details, please refer the Chapter titled "**General Information**" on page 46 of this Draft Prospectus.*

While the NCDs are secured to the tune of One (1) time of the principal and interest thereon in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security cover is maintained, however, the recovery of 100% of the amount (principal and interest due) shall depend on the market scenario prevalentat the time of enforcement of the security.

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount for such NCDs) prior to redemption of NCDs.

SPECIFIC TERMS AND CONDITIONS IN CONNECTION WITH EACH OPTION OF NCDs

The NCDs being issued are in the form of Secured Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each. The principal terms of each option of NCDs are set out below:

Options	Various Option which will be finalised at the time of Issue of Prospectus
Frequency of interest payment	Will be finalized at the time of Issue of Prospectus.
Nature of Instruments	Secured NCDs
Category of Investor who can apply	All categories of Investors (I,II, III and IV)
Minimum application	₹ 10,000 (10 NCDs) (for all options of NCDs either taken individually or collectively)
In multiples of	₹ 1,000 (1 NCD) after minimum application
Face value of Secured NCDs	₹ 1,000
Issue Price of Secured NCDs	₹ 1,000
Tenor from deemed date of allotment (in months)	Will be finalized at the time of Issue of Prospectus
Coupon (%) for all Category of Investor(s)	
Effective Yield (per annum) for all Category of Investor(s)	
Mode of interest payment	Through various modes of payment available
Amount (₹) (on maturity for all Category of Investor(s)	Will be finalized at the time of Issue of Prospectus
Maturity Date (from Deemed Date of Allotment) (in months)	

[#] In respect of Option (Monthly Interest payment), Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date and will be paid on monthly basis. Interest will be calculated from the 1st day till the last day of the month on an actual basis during the tenor of such NCDs and paid on the first working day of every subsequent month. For the first interest payment for NCDs under the monthly options, if the Deemed Date of Allotment is prior to fifteenth of that month, the interest for that month will be paid on the first day of subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first working day of the month next to that subsequent month.

[@] Further, in case of Cumulative Options for the purpose of deduction of tax interest will be deemed to accrue every year and tax will be deducted on the accrued interest in each financial year, if required. With respect to Options where cumulative payment would be made at the time of redemption, the yield is calculated based on quarterly rest compounding for the full year period and based on monthly rest basis for the residual period.

** subject to applicable tax deducted at source, if any.*

In case of customer who has not initiated action for linking Aadhar with PAN, tax will be deducted at the applicable higher rates.

Our Company shall allocate and allot Option [●] NCDs wherein the Applicants have not indicated their choice of the relevant NCD Option.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act 1933, as amended (the **"Securities Act"**) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S.

persons (as defined in Regulations under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on Section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

For details of the Interest payment, please refer to para ***"Interest and Payment of Interest"*** on page no. 197 of this Draft Prospectus.

Terms of payment

The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA account, in accordance with the terms of this Draft Prospectus.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions / consents / approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual / actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Please note that in case the NCDs are transferred and / or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the record date.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on the succeeding Working Day. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest, if any, will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular, is furnished at ***Annexure B.***

TERMS OF THE ISSUE

Authority for the Issue

The Board of Directors of our Company have, at the meeting held on November 08, 2023, approved the public issue of Secured Redeemable NCDs of face value of ₹ 1,000 each not exceeding ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating an amount not exceeding ₹ 20,000 lakh **("the overall Issue Size")**.

In terms of resolution passed by the members of our Company through postal ballot, results of which were declared on April 05, 2014 and in accordance with the provisions of Section 180(1)(c) of the Companies Act 2013, the Board has been authorized to borrow any sum or sums of money from time to time, as may, in the opinion of Board of Directors, deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained/to be obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore (Rupees two thousand five hundred crore only), over and above the aggregate of paid-up capital of the company and its free reserves, the aggregate value of the NCDs offered under this draft Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 2,500 crore.

Principal terms and conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the applicable provisions of the Companies Act 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, the Application Forms along with the Abridged Prospectus, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deeds, other applicable statutory and/or regulatory requirements including those issued from time to time by GOI, RBI, SEBI, BSE, and/or other statutory / regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs. Apart from this, the following conditions are also applicable to the Issue.

a) Conditions Precedent to Disbursement (please refer Chapter titled ***"Issue Structure"*** - Page 182)
b) Condition Subsequent to Disbursement (please refer Chapter titled ***"Issue Structure"*** - Page 182)
c) Covenants of the issue pertaining to side letters, accelerated payment clause (including provisions for debt to equity conversion) if any (please refer Chapter titled "***Issue Structure"*** – Page 182") and
d) Risk factors pertaining to the issue (please refer the Section titled ***"Risk Factors"*** starting from page 18)

Ranking of Secured NCDs

The Secured NCDs would constitute secured obligations of the Company and shall rank *pari passu inter se* and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets equal to the one (1) time value of the debentures outstanding plus interest accrued thereon and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

Security

Our Company undertakes that the assets offered as Security for the proposed issue of secured NCDs will be free from any other encumbrances. The Debenture Trustee (acting for the benefit of the Debenture Holders) shall hold the Security created by the Company under or in terms of the Transaction Documents, in its favour, upon trust, subject to the powers and provisions contained herein, for securing the Secured Obligations.

The principal amount of the Secured NCDs and all the secured obligations to be issued in terms of the Draft Prospectus shall be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/ or future receivables/assets as may be decided mutually by our Company and the Debenture Trustee.

Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon) throughout the entire tenor of the Debentures and this Deed.

Our Company hereby declares that it has obtained/will obtain no objection certificates/ permission, wherever required, in terms of the existing transaction documents from all the existing charge holders agreeing to cede *pari passu* charge on Secured Assets of the Company to secure the Debentures.

Our Company undertakes that the necessary documents for the creation of the security, including the Secured Debenture Trust Deed would be executed within the timeframe prescribed as per applicable law and it would be uploaded on the website of the Designated Stock exchange, within five working days of execution of the Debenture Trust Deed.

Our Company undertakes that it shall create the security as set out in the Debenture Trust Deed, prior to listing application of the Debentures. Further, the charge created by Issuer shall be registered with Sub-registrar, Registrar of Companies, CERSAI, Depository etc. as applicable, within 30 days of creation of such charge. In case the charge is not registered anywhere or is not independently verifiable, it shall be considered a breach of covenants / terms of the issue by the Issuer ·Our Company undertakes that the proceeds of the issue of Debentures shall be kept in an escrow account, opened for the purpose, until the documents for creation of Security are executed and shall utilise the funds only after the stipulated security has been created.

In the event that the Company fails to create and perfect a valid security on the terms set out in this Deed and other Transaction Documents within relevant time period set out, the Company shall be required to either (i) refund the entire subscription amount, or (ii) pay an interest of at least 2% per annum over and above the coupon rate of interest on the amounts outstanding on the Debenture, until the security is created and perfected in the manner and on the terms set out in this Deed and other Transaction Documents**.** The Company also agrees to promptly disseminate and disclose information pertaining to failure to create security, on the assets, on its website.

Debenture Trust Deed(s)

Our Company intends to enter into Debenture Trust Deed with the Debenture Trustee for the benefit of the NCD Holders, the terms of which will *inter alia*, govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed before the Allotment of NCDs. Under the terms of the Debenture Trust Deed, our Company will covenant with Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rates specified in this draft Prospectus and Debenture Trust Deeds. The Secured Debenture Trust Deed will also provide that the Company may withdraw any portion of the Security or replace with other assets of the same or higher value.

Trustee for the NCD Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD holders in terms of Regulation 8 of SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute Debenture Trust Deed for, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may, in its absolute discretion, deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro-tanto* to the NCD Holder(s).

The Debenture Trustee has agreed to act as Trustee to the Issue for a fee as per the letter dated November 29, 2023.

The Debenture Trustee will protect the interest of the NCD Holders in the event of happening of an Event of Default with regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

As per Regulation 18(1) of the SEBI NCS Regulations, trust deed for securing the issue of debt securities shall be executed by the issuer in favour of the debenture trustee within three months of the closure of the issue. Accordingly, we shall execute the Trust Deed within the above stipulated time limit.

In the event of our failure to execute the trust deed within the above period, without prejudice to any liability arising on account of violation of the provisions of the Act and these Regulations, we shall also pay interest of at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed.

Debenture Redemption Reserve ("DRR")

In accordance with amendments made to the Companies Act 2013 and the Companies (Share Capital and Debentures) Rules 2014, read with Regulation 16 of the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment made to the Companies (Share Capital and Debentures) Rules 2014, and as on the date of filing of this Draft Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue.

The Company shall, however, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law.

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen per cent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

a) deposits with any scheduled bank, free from any charge or lien;
b) unencumbered securities of the Central Government or any State Government;
c) unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of Section 20 of the Indian Trusts Act 1882; and
d) unencumbered bonds issued by any other company which is notified under sub-clause (f) of the Indian Trusts Act 1882

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred to above.

Events of Default (including manner of voting / conditions of joining Inter Creditor Agreement: Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD holders (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular option of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice, *inter alia*, if any of the events listed below occurs.

The description below is indicative only and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deeds.

Indicative list of Events of Default:

1. Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;
2. Default is committed in payment of the principal amount of the NCDs on the due date(s);
3. Default is committed in payment of any interest on the NCDs on the due date(s);
4. Default is committed in payment of any other amounts outstanding on the NCDs;
5. Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s) / Beneficial Owner(s) / Debenture Trustee and such default shall have continued for a period of thirty (30) days after notice in writing thereof been given to the Company by the Debenture Holder(s)/ Beneficial Owner(s) / Debenture Trustee for remedying such default;

6. Default is committed if any information given to the Company in the Draft Prospectus, Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given / deemed to have been given by the Company to the Debenture Holder(s) / Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;
7. Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent Court;
8. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganization, liquidation or dissolution;
9. Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfill its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts:
10. The Company ceases to carry on its business or gives notice of its intention to do so;
11. If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;
12. Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;
13. Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;
14. If the Company files a petition for reorganization, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);
15. If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;
16. If it becomes unlawful for the company to perform any of its obligations under any transaction document;
17. Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;
18. Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or endangers any hypothecated properties or any part thereof or any event occurs which causes the Debenture Deed or any related agreement to become ineffective;
19. Except as stated in the Debenture Trustee Deed and this Draft Prospectus, any security created at any time during the tenure of the NCDs, without prior written consent of the Debenture Trustee (if required) or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties; and
20. Any other event described as an Event of Default in the Disclosure Documents/ Prospectus and the Transaction Documents.

In accordance with the master circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 (updated on July 6, 2023) issued by SEBI on "Standardization of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**") / enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level. Regulation 49 read with the Explanation to the SEBI Listing Regulations, 'default' shall mean non-payment of interest/ dividend or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in the servicing of any interest/ dividend or principal amount.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 (updated on July 06, 2023) issued by SEBI.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members / shareholders of our Company, the said resolution will first be placed before the registered NCD holders concerned for their consideration.

2. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to inspect a copy of the financial statements including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, and copy of the Debenture Trust Deed at the Registered Office of our Company during business hours on a specific request made to the Company.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the NCD holders concerned, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if they are not acceptable to us.

4. Subject to applicable statutory / regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the NCD holders concerned and every such holder shall be entitled to one vote on a show of hands and on a poll, his / her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

5. The NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, the Prospectus the Application Form along with the Abridged Prospectus, corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

6. For the NCDs issued in dematerialized form, the Depositories shall also maintain the up-to-date record of holders of the NCDs in dematerialized Form. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial owners of NCDs maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Secured NCD Holders for this purpose. The register shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless it has been moved to another location after obtaining the consent of the Secured NCD holders.

7. A register of NCD holders holding NCDs in physical form pursuant to rematerialisation of the NCDs pursuant to this Issue (register of NCD holders) will be maintained in accordance with Section 88 of the Companies Act 2013 and all interest/ redemption amounts and principal sum becoming due and payable in respect of the NCDs will be paid to the registered holder therefor for the time being or in the case of joint holders, to the person whose name stands first in the Register of NCD holders as on the Record Date.

8. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice

for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the NCDs, who have not given their positive consent to the roll-over.

The above rights of the NCD holders are merely indicative. The final rights of the NCD Holders will be as per the terms of the Offer Document and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with the applicable provisions of the Companies Act 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules 2014, any NCD holder may, at any time, nominate in the **Form No SH-13**, any person as his nominee in whom the NCDs shall vest in the event of his death. On the receipt of the said nomination as per prescribed law, a corresponding entry shall forthwith be made in the relevant register of securities holders, maintained under Section 88 of the Companies Act, 2013. Where the NCDs are held by more than one person jointly, all joint holders may together nominate, in the prescribed manner, any person to whom all the rights in the NCDs shall vest in the event of death of all the joint holders. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate any person as nominee as prescribed. The request for nomination should be recorded by the Company within a period of two months from the date of receipt of the duly filled and signed nomination form. In the event of death of the NCD Holder or where the NCDs are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee, may upon the production of such evidence as may be required by the Board, elect, either:

(a) to register himself as holder of the NCDs; or
(b) to transfer the NCDs as the deceased holder could have done.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the NCDs himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased NCD Holder(s).

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the NCDs, where a nomination made in the prescribed manner purports to confer on any person the right to vest the NCDs. the nominee shall, on the death of the holder of NCDs or, as the case may be, on the death of the joint holders, become entitled to all the rights in the NCDs, of the NCD Holder or, as the case may be, of all the joint holders, in relation to the said NCDs, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

All the limitations, restrictions and provisions of the Companies Act 2013 relating to the right to transfer and the registration of transfers of the NCDs shall be applicable to any such notice or transfer as aforesaid as if the death of the NCD Holder had not occurred and the notice or transfer were a transfer signed by that NCD Holder. Where the nominee is a minor, it shall be lawful for the NCD Holder, making the nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of the death of the nominee during his minority. Where the nominee is a minor, NCD Holder making the nomination, may appoint a person as specified under sub-rule (1) of Rule 19 to the Companies (Share Capital and Debentures) Rules, 2014, who shall become entitled to the NCDs, in the event of death of the nominee during his minority. A person, being a nominee, becoming entitled to NCDs by reason of the death of the NCD Holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered NCD holder except that he shall not, before being registered as a NCD Holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred by subscription to the same in relation to meetings of the NCD Holders convened by the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the NCDs, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of interests, bonuses or other moneys payable in respect of the said NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Our Company has, in the Debenture Trusteeship Agreement, agreed for the exclusive benefit of the Debenture Trustee and the Debenture holders that the Courts in Coimbatore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trustee or the NCDs and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Debenture Trust Deed and the NCDs may be brought only in the Courts in Coimbatore.

Application in the Issue

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including applications made by UPI Investors through the UPI mechanism).

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form ***i.e.*** in dematerialized form and in multiples of one NCD. For details of allotment, refer to Chapter titled ***"Issue Procedure"*** under Section titled ***"Issue Related Information"*** beginning on page no. 206 of this Draft Prospectus.

Transfer / Transmission of NCD(s)

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of it, interest will be paid/redemption will be made to the person whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 01, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue except as may be required under RBI requirements and as provided in our Articles of Association. Pursuant to the SEBI LODR IV Amendment, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 01, 2019.

Title

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

Register of NCD Holders

No transfer of title of an NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case

may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act 2013 shall apply, *mutatis mutandis*, (to the extent applicable) to the NCDs as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate Court in India. The Directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for rematerialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after the Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Period of Subscription

ISSUE PROGRAMME

ISSUE OPENS ON [●]
ISSUE CLOSES ON [●]

* *The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ NCD Issuance Committee, as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange.*

*Further, please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, **"IST"**) **("Bidding Period")** during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. ("**IST**") and shall be uploaded until 5.00 p.m. ("**IST**") or such extended time as permitted by Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

*Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, not later than 3.00 p.m. ("**IST**") on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of over-subscription, if any, where the Allotment will be proportionate.*

Interest and Payment of Interest

In respect of Option (Monthly Interest payment), Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date and will be paid on monthly basis. Interest will be calculated from the 1st day till the last day of the month on an actual basis during the tenor of such NCDs and paid on the first working day of every subsequent month. For the first interest payment for NCDs under the monthly options, if the Deemed Date of Allotment is prior to fifteenth of that month, the interest for that month will be paid on the first day of subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first working day of the month next to that subsequent month.

In respect of Cumulative Options**,** NCDs shall be redeemed on the Maturity Date for the redemption amount.

NCDs once allotted under any particular Option of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date and such tenor, coupon / yield and redemption amount as at the time of original allotment will not be impacted by trading of any Option of NCDs between the categories of persons or entities in the secondary market.

On any relevant Record Date, the Registrar and/or our Company shall determine the list of the Primary holder(s) of this Issue and identify such Investor/ NCD Holders, (based on their DP identification and/or PAN and/or entries in the Register of NCD Holders) and make the requisite payment.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on ***"Manner of Payment of Interest / Refund / Redemption Amounts"*** at page 201 in this Draft Prospectus.

Our Company has agreed and declared that:

a. all interest which shall accrue on the outstanding Debentures or any part thereof and for the time being remaining unpaid and all other monies which have become payable under these presents shall in case the same be not paid on the dates on which they accrued due, carry compound interest at monthly rests, at the aforesaid rate will become due and payable over the monies due for the period of default.

b. the Debentures shall carry additional interest of at least 2% p.a over and above interest rate payable monthly/quarterly on the Debentures from the Deemed Date of Allotment till the creation of security in accordance with the Disclosure Documents/ Prospectus, to the satisfaction of the Trustee or the Debenture Holder(s)/Beneficial Owners(s), if the security is not created within a period of applicable time limit from the date of closure of the issue.

c. in the event of any default in the payment of interest and/or in the redemption of the Debentures and all other monies payable pursuant to Debenture Trust Deed read with the Disclosure Documents/ Prospectus, the Company shall pay to the holder/s of the Debentures, further interest at the rate of 2% per annum over the interest rate for the default in payment of interest, additional interest and/or principal amount till the dues are cleared.

Notwithstanding anything to the contrary in any other provision of the Debenture Trust Deeds, the penal interest as stated above shall not be considered for the calculation of overall return to the Debenture Holder(s).

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than 5,000 and interest is paid by way of account payee cheque).

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/ lower deduction of tax at source as per the provisions of Section197(1) of the IT Act; and that a valid certificate is filed with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest;

b. When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be Nil. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be Nil.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form ***i.e.*** Form No.13.

Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest

(i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time.

The aforesaid documents, as may be applicable, should be submitted atleast 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.sakthifinance.com or the Registrar at www.linkintime.co.in from time to time.

Details of the Registrar are as below:

Link Intime India Private Limited
Address: C-101,1stFloor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai – 400 083, Maharashtra.
Tel: +91 8108114949
Fax: +91 022 49186060
Email: sakthifinance.ncd2023@linkintime.co.in
Investor Grievance Email: sakthifinance.ncd2023@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan
Compliance Officer: Mr. B N Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Link for availability of formats of declaration/ certificates and online submission of tax exemption forms: https://web.linkintime.co.in/BONDSformreg/BONDS-submission-of-form-15g-15h.html.

Details of the Company are as below:
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641 018, Tamil Nadu
Tel : +91 422 2231471- 474/4236200
Email : sakthif_info@sakthifinance.com; investors@sakthifinance.com
Website : www.sakthifinance.com

The investors need to submit Form 15H/ 15G/certificate in original from the Assessing Officer for each Fiscal during the currency of the NCD to claim non-deduction or lower deduction of tax at source from interest on the NCD. Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/ actual basis ***i.e.*** on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"). However, the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax, if any, as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the

last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon / interest accrued on the NCDs until but excluding the date of such payment.
Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular is disclosed at ***Annexure B.***

Record Date

Record Date shall mean in relation to any date on which any payments are scheduled to be made by the Company to the Debenture Holder(s) in terms of this Deed and the Draft Prospectus (including the coupon payment date and the Redemption Date), the day falling 15 calendar days prior to such date. In the event the Record Date falls on a day, which is not a Business Day, in such case the immediately succeeding Business Day shall be considered as Record Date.

Put / Call Option

Not applicable

Premature Redemption

In case the Company fails for any reasons to utilize the proceeds for the Purpose, as specified in the (Prospectus / Disclosure Document), the Debenture Holder(s)/ Beneficial Owner will be entitled to rescind/avoid the contract on that ground and to call back the money, if any paid towards subscription of the Debentures.

Appropriation of payment

(a) Payment of the principal amount of each of the Debentures and interest and other monies payable thereon shall be made to the respective Debenture Holder and in case of joint Debenture Holders, to the one whose name stands first in the Register of Debenture Holder(s)/ list of Beneficial Owner(s) as the case may be. Such payments shall be made by, real time gross settlement, cheque or Demand Draft drawn by the Company on its bankers.

(b) Notwithstanding anything to the contrary stated in the Transaction Documents, any payments by the Company under the Transaction Documents shall be appropriated in the following manner, namely:

  (i) Firstly, towards meeting any costs, charges and expenses and other monies incurred by the Debenture Trustee as also the remuneration payable by the Company to the Debenture Trustee;
  (ii) Secondly, towards default interest and compound interest as may be due and payable under the terms of the Transaction Documents;
  (iii) Thirdly, towards interest payable on the Debentures;
  (iv) Fourthly, towards redemption premium, if any; and
  (v) Lastly, towards redemption of principal amount of the Debentures due and payable by the Company to the Debenture Holder(s)/Beneficial Owner(s).

If any amount whether redemption or interest, paid to the Debenture Holder(s) in respect of the Debentures is held to be void or set aside on the liquidation or winding up of the Company or otherwise, then for the purpose of this Deed, such amount shall not be considered to have been paid.

Application Size

Each application should be for a minimum of 10 (ten) NCDs and in multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹ 10,000 (across all Options of NCDs either taken individually or collectively) and in multiples of ₹1,000 thereafter.
Applicants can apply for any or all types of NCDs offered hereunder (any / all Option) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA / UPI Linked Bank Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Draft Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption amounts in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / redemption amount, as the case may be. Applicants, who are holding the NCDs in electronic form are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that any failure to do so could result in delays in credit of refunds to the Applicant at the Applicant's sole risk and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Printing of Bank Particulars on Interest / Redemption Instruments

As a matter of precaution against possible fraudulent encashment of interest/redemption Instruments due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the instruments. In relation to NCDs held in dematerialized form, these particulars would be taken directly from the depositories. Bank account particulars will be printed on the instruments which can then be deposited only in the account specified.

Procedure for Redemption by NCD Holders

NCD held in electronic form

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque / pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights, including for payment or otherwise, shall stand extinguished from the date of redemption in all events and when we credit the redemption amounts to the NCD Holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in physical form on account of re-materialization

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. The procedure for rematerialisation of NCDs is furnished below:

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. NCD Holders who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent

Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the above documents and details are not submitted along with the request for such rematerialisation.

The payment on redemption of the NCDs will be made by way of electronic modes / pay order / cheque. However, if our Company so requires, the above payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques / pay order, etc. in respect of such payment will be made on the Redemption Date or (if so, requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate. In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption date.

The transferees, if any, should ensure lodgment of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we credit the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.
Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we credit the redemption amounts to the NCD Holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we nor our affiliates nor their agents shall be liable for use of the above information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper with having nation-wide circulation and a regional language newspaper in Coimbatore and / or will be sent by post / courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V to SEBI NCS Regulations in compliance with Regulation 30(1) of SEBI NCS Regulations. Material updates, if any, between the date of filing of this Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013 which is reproduced below:

"Any person who:

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for its securities; or
b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447 of the Companies Act, 2013."

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

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

Pre-closure

Our Company, in consultation with the Lead Manager, reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in this Draft Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described above and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size *i.e.* ₹7,500 lakh within 10 days from the date of opening of Issue entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants not later than within 8 (Eight) working days, from the date of closure of the Issue or such time as may be specified by the Board. In case application money is not unblocked within such period, the company shall pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard in the SEBI Master Circular.

Guarantee / Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in a separate bank account and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

a. Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;
b. The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.
c. Details of all monies utilised out of the Issue referred above shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;
d. Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;

e. Our Company shall utilize the Issue proceeds only upon (i) receipt of minimum subscription, (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013 (iii) Receipt of the listing and trading approval from the Stock Exchange and (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Draft Prospectus in the Chapter titled "***Issue Structure"***, beginning on Page 182;
f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property;
g. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continue to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and
h. The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

The issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any statutory authority from time to time. Further, the issue proceeds shall be utilised only for the purpose and objects stated in the offer documents.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations, as amended. Our Audit Committee shall monitor the utilization of the proceeds of the Issue.

For the relevant quarters commencing from the financial year ending March 31, 2022, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Filing of the Prospectus with RoC

Our Company shall file a copy of the Prospectus with the Registrar of Companies, in compliance with Section 26 of the Companies Act, 2013.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD holder to our Company.

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Listing

The NCDs offered through this Draft Prospectus / Prospectus are proposed to be listed on BSE. Our company will obtain an 'in-principle' approval for the Issue from BSE [●]. For the purpose of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use its best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange is taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Option(s) of NCDs shall not be listed.

Loan against NCDs

As per the RBI Circular dated June 27, 2013, our Company is not permitted to extend loans against the security of its debentures issued on private placement or public issue basis. However, if the RBI subsequently permits extension of

loans by NBFCs against the security of its debentures issued by way of private placement or public issues, the Company may consider granting loans against the security of such NCDs, subject to the terms and conditions as may be decided by the Company at the relevant time, in compliance with applicable law.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy back of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may, from time to time, invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may, from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view to strengthen the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The above right includes the right to reissue original NCDs.

Appointment of Nominee Director or Observer by the Debenture Trustee

As per Regulation 23(6) SEBI NCS Regulation read with clause (e) of sub- regulation (1) of Regulation 15 of the SEBI (Debenture Trustees) Regulations 1993, and as per the terms and conditions of the Debenture Trust Deed executed or to be executed between Our Company and Debenture Trustee, our Company agrees to appoint a Nominee Director on the Board of our Company

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilized, it may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, it will be replaced as above only if the certificate numbers and the distinctive numbers are legible.

Future Borrowings

Subject to maintenance of adequate security cover, we will be entitled to borrow/raise loans or avail financial assistance in whatever form as also to issue debentures/ NCDs / other securities in any manner having such ranking in priority, *paripassu*or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/ regulatory/ contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection.

However, until the payment of the outstanding amounts/ secured obligations for Secured NCDs, the Company shall not create any charge on the assets without obtaining prior approval of the Debenture Trustee and Debenture Holders. Provided that, at the time of raising such further loans, advances or such other facilities from Banks, Financial Institutions and/or any other person(s) on the Security, the Company shall maintain the required security cover as prescribed in this Draft Prospectus. In the event of such request by the Company, the Debenture Trustee shall accord its approval for creation of further charges provided that the Company furnishes a certificate from a chartered accountant stating that after creation of such further charges, the required security cover will be maintained.

ISSUE PROCEDURE

*This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated July 07,2023 (the **"SEBI Master Circular**"), which provides, inter alia, that for all public issues of debt securities opening, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct On-line Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct On-line Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants.*

Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs for the full Application Amount. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.

*In addition, specific attention is invited to SEBI Master Circular, whereby retail individual investor may use the Unified Payment Interface **("UPI")** to participate in the public issue for an amount not exceeding ₹ 5,00,000. ASBA Applicants should note that they may submit their ASBA Applications to the Designated Intermediaries.*

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Retail individual investors should note that they may use the UPI mechanism to block funds for application value up to ₹5,00,000 submitted through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer Agent and Depository Participants).

Please note that this section has been prepared based on the SEBI Master Circular and other related circulars. The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular. The Direct On-line Application facility will be available for this Issue as per mechanism provided in the SEBI Master Circular.

Specific attention is drawn to the SEBI Master Circular that provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE STOCK EXCHANGES AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGES. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS DRAFT PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, CONSORTIUM MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGES.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

*For purposes of this Issue, the term "**Working Day**" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Coimbatore, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Saturdays, Sundays and bank holidays in Mumbai, as specified by the board.*

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Draft Prospectus, Prospectus, Abridged Prospectus and Application Forms

The Draft Prospectus, Prospectus, Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) CRTA at the Designated RTA Locations;
(d) CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs. Electronic Application Forms will be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A Unique Application Number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange.

Our Company will also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having on-line demat account portals will also provide a facility of submitting the Application Forms virtually on-line to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application up to ₹ 5 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I (Institutional Investors)	Persons eligible to apply to the Issue which include: • Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks and multilateral and bilateral development financial institutions which are authorized to invest in the NCDs; • Provident funds of minimum corpus of ₹ 2,500 lakh, pension funds of minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; • Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI;

	• Insurance companies registered with the IRDAI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, Union of India; • Mutual funds registered with SEBI; and • Systemically Important NBFCs registered with the RBI and having net worth of more than ₹ 50,000 lakh as per the latest audited financial statements.
Category II (Non- Institutional Investors)	Persons eligible to apply to the Issue which include: • Companies falling within the meaning of Section 2(20) of the Companies Act 2013 Bodies corporate and societies registered under the applicable laws in India and authorized to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorized to invest in the NCDs; • Trust including public/ private charitable/ religious trusts which are authorized to invest in the NCDs; • Association of Persons; • Scientific and/or industrial research organizations, which are authorized to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
Category III (High Net worth Individual Investors)	• Resident Indian individuals applying for an amount aggregating a value exceeding ₹10 lakhs and Hindu Undivided Families applying through the Karta for an amount aggregating to a value exceeding ₹ 10 lakhs. (HNIs)
Category IV (Resident Indian Individual Investors)	• Resident Indian individuals applying for an amount aggregating to a value not exceeding ₹ 10 lakh and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 5 lakh in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism and • Hindu Undivided Families applying through the Karta applying for an amount aggregating a value not exceeding ₹ 10 lakh.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded on to the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Please note that it is clarified that person's resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Participation of any of the above categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

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

a. Minors without a guardian name (A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian. ***Such Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872***);
b. Foreign nationals, NRIs, *inter alia,* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
c. Persons resident outside India and other foreign entities;
d. Foreign Institutional Investors;
e. Foreign Portfolio Investors;
f. Foreign Venture Capital Investors;
g. Qualified Foreign Investors;
h. Overseas Corporate Bodies; and
i. Persons ineligible to contract under applicable statutory/regulatory requirements.

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

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

Please refer **"*Rejection of Applications*"** on page 232 for information on rejection of Applications.

HOW TO APPLY?

Availability of Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for all Applicants

Copies of the Abridged Prospectus containing the salient features of the Prospectus, together with Application Forms and copies of the Draft Prospectus, Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar, the Consortium Members and the Designated Branches of the SCSBs.

Additionally, the Draft Prospectus, the Prospectus and the Application Forms will be available:

1. For download on the website of BSE at www.bseindia.com, and the website of the Lead Managers at www.bonanzaonline.com**.**

2. At the designated branches of the SCSB and the Designated Intermediaries at the Syndicate ASBA Application Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A unique application number will be generated for every Application Form downloaded from the website of the Stock Exchange.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of Application electronically. A Unique Application Number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchanges.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having on-line demat account portals may also provide a facility of submitting the Application Forms virtually on-line to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

METHOD OF APPLICATION

In terms of the SEBI Master Circular, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an on-line interface enabling direct application by investors to a public issue of debt securities with an on-line payment facility ("**Direct On-line Application Mechanism**"). In this regard, SEBI has, through SEBI Master Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation and the Direct On-line Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct On-line Application Mechanism. Further, SEBI has, by the SEBI Master Circular, directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web-based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in this Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled in Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a retail individual investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any escrow bank.

Applicants should submit the Application Form only at the bidding centres, ***i.e.*** to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the CRTAs at the Designated CRTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at www.sebi.gov.in**.**

In terms of the SEBI Master Circular an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**").

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe inthe Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, ***i.e.,*** to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location forthe Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at www.sebi.gov.in.

For Retail Investor Bids (**"RIB"**) using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, in physical form, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the on-line platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application

Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, our Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the relevant Stock Exchanges.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank ("SCSB") or intermediaries** *(viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer Agent and Depository Participants)*

    a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange(s) bidding platform (or bidding platform of any other stock exchange including National Stock Exchange of India Limited) and blocking of funds in investors account by the SCSB would continue.

    b. The Stock Exchanges have extended their web-based platforms *i.e.* 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web-based platform and mobile app with a facility to block funds through Unified Payments Interface ("**UPI**") mechanism for application value up to ₹5 Lakh. To place bid through "BSEDirect" and "NSE goBID" platform/mobile app the eligible investor is required to register himself/ herself with BSEDirect/ NSE goBID.

    c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: www.bsedirect.com**;** and NSE**:** www.nseindiaipo.com**.**

2. Through Stock Exchanges

    a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange(s) (or any other permitted methods), as may be availed by the Company, wherein the bid is automatically uploaded onto the Stock Exchange(s) bidding platform and the amount is blocked using the UPI Mechanism.

    b. The Stock Exchanges have extended their web-based platforms i.e. 'BSEDirect' and ' NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value up to**₹**5 lakh.. To place bid through 'BSEDirecct' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSEDirect/ NSE goBID.

    c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: **https://www.bsedirect.com**; and NSE**: https://www.nseindiaipo.com**.

    d. The BSEDirect and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEDirect' or 'NSE goBID' on Google Playstore for downloading mobile applications.

    e. To further clarify the submission of bids through the App or web interface, the BSE has issued operational guidelines and circulars dated December 28, 2020 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, andhttps://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

Similar circulars by NSE can be found here:

- https://www1.nseindia.com/content/circulars/IPO46907.zip
- https://www1.nseindia.com/content/circulars/IPO46867.zip

Additionally, certain SEBI registered UPI handles which can be accessed at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, may also be used for making an Application through the UPI Mechanism.

Application process through physical Application Form

Applicants opting for the physical mode of Application process, should submit the Application Form (including for Applications under the UPI Mechanism) only at the Collection Centres, i.e., to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available on SEBI's website for Applications under the UPI Mechanism at **www.sebi.gov.in.**

The relevant Designated Intermediaries, upon receipt of Application Forms from ASBA Applicants (including for Applications under the UPI Mechanism), shall upload the details of these Application Forms to the on-line platform of the Stock Exchange and submit the Application Forms (except Application Forms submitted by UPI Investors under the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB, with the SCSB and can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

For Applicants submitting the physical application Form who wish to block the funds in their respective UPI linked bank account through the UPI Mechanism, post uploading of the details of the Application Forms into the on-line platform of the Stock Exchange, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Investors for blocking of funds.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

APPLICATION PROCESS THROUGH APP/WEB BASED INTERFACE OF THE STOCK EXCHANGE *BSEDIRECT*

SEBI has, by the SEBI Master Circular, introduced an additional mode for application in the Issue through on-line (app / web) interface/ platform of the Stock Exchange. In furtherance to it, the Stock Exchange has extended the facility of '**BSEDirect**', which is a web based and a mobile app based platform for making an Application in the Issue where the funds can be blocked through the UPI Mechanism. BSEDirect platform can be accessed at **www.bsedirect.com** and can be accessed through the mobile app available (for android phone users only) on the Google Play Store.

Please note that Applications in the Issue, through the 'BSEDirect' platform, can only be made by UPI Investors, i.e., Applicants who make an Application in the Issue for an amount up to ₹ 5 lakhs only.

BSE Limited, the Designated Stock Exchange, has, by its notification dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSEDirect. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange's website at **www.bseindia.com.**

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSEDirect to make an Application in the Issue, are listed below:

a. General Instructions:

i) Applicants are required to preregister themselves with BSEDirect. For the detailed process of registration and Applications under the BSEDirect Platform, refer **"*Process of Registration and Application on BSEDirect Platform*"** on page 214.
ii) Applicants can access BSEDirect platform via internet at https://www.bsedirect.com or through the mobile app (on android phones only) called BSEDirect which can be downloaded from the Google Play Store.
iii) The Stock Exchange shall make this Prospectus and Issue related details available on its website under the 'Forthcoming Issues' a day prior to the Issue Opening Date and the details of the Issue shall also be made available on the issue page of BSEDirect.
iv) The BSEDirect platform, offers a facility of making a direct application through the web based platform or the mobile app with a facility to block funds upto₹5 lakhs through the UPI Mechanism.
v) The mode of allotment for Applications made through the BSEDirect platform, shall mandatorily be in dematerialized form only.

b. Order Entry Parameters

Pursuant to the SEBI Master Circular and other relevant SEBI Circulars, the following operating parameters shall be made available for making an Application in the Debt IPO Segment. Applicants are requested to note the following general instructions:

i. The Issue symbol will remain same across all options;
ii. Applicants can enter order for a single Application having different options within one order entry screen.
iii. Before submission of the Application, the Applicant should have created an UPI ID with a maximum length of 45 characters including the handle (example: investorId@bankname)

Applicants can only submit an Application with the UPI Mechanism as the payment mode. The Applications which are successfully accepted will be allotted a bid id or order no.

c. Modification and cancellation of orders

i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.
iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, refer **"*Submission of Applications - For Applications under the UPI Mechanism*"** on page 219.

d. Re-initiation of Bids

i. If the Applicant has not received the UPI Mandate by an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation.
ii. The facility of re-initiation/resending the UPI Mandate shall be available only till 5 p.m. on the day of bidding.
iii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

e. Acceptance of the UPI Mandate

i. An Applicant will be required to accept the UPI Mandate by 5:00 p.m. on the third Working Day from the day of bidding on the Stock Exchange platform except for the last day of the Issue Period or any other modified closure date of the Issue Period in which case, they shall be required to accept the UPI Mandate by 5:00 p.m. of the next Working Day. As the Company reserves the right to close the issue prior to the Issue Closing Date, hence it is advisable that the Applicants should accept the UPI mandate by 5:00 p.m. on the Working Day subsequent to date of submission of the Application on BSEDirect.
ii. The transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorized by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.

iii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.
iv. Applicants are required to check the status of their Applications with regard to the UPI Mandate acceptance and blocking of funds in the UPI Report for completion of the transaction.
v. Please note that the display of status of acceptance of the UPI Mandate/fund blocking shall be solely based on the data received from the Sponsor Bank.

f. Order book and T+1 Modification

i. The order book will be available in the Debt module of the Stock Exchange in real time basis.
ii. An Applicant shall be allowed to modify select fields such as their DP ID/Client ID or PAN (Either DP ID/Client ID or PAN can be modified but not both) on T+1 day for a validated bid.

g. Applicant's responsibilities

i. Applicants shall check the Issue details before making an Application.
ii. Applicants shall only be able to make an Application for an amount up to ₹5 lakhs.
iii. Applicants must check and understand the UPI Mandate acceptance and the fund blocking process before making an Application.
iv. The receipt of SMS for UPI Mandate acceptance depends upon the system response/ integration of UPI on the Debt Public Issue System.
v. Applicants must check their respective mobiles for an SMS or the mobile app, associated with the UPI ID linked bank account, for receipt of the UPI Mandate.
vi. Applicants must accept the UPI Mandate request within stipulated timelines.
vii. Applicants must note that the transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorized by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.
viii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.
ix. Applicants are required to check the status of their Applications with regard to the UPI Mandate acceptance and blocking of funds in the UPI Report for completion of the transaction.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons.

Process of Registration and Application on BSEDirect Platform/Mobile App

a. Process of Registration for Investor

i. To make an application on the BSEDirect platform/ mobile app, an applicant is required to register themselves with the platform/ mobile app.
ii. At the time of registration, the Applicant shall be required to select the option of "New Registration Without Broker" and enter their respective PAN along with details of their demat account (i.e., DP ID and Client ID) and UPI ID.
iii. The Stock Exchange shall verify the PAN and demat account details entered by the Applicant with the Depository, within one Working Day.
iv. The Applicant shall be required to accept the terms and conditions and also enter the correct 'One Time Password' ("**OTP**") sent on their respective mobile phones and email IDs to complete the registration process.
v. Upon the successful OTP confirmation, the Applicant's registration request shall be accepted and a reference number shall be provided to them for checking their registration status.
vi. At the time of demat account verification, the Stock Exchange shall also validate Applicant's client type (investor category) present in demat account.
vii. An Applicant's registration shall be rejected if an incorrect investor category and/or demat account details have been entered.
viii. Post the verification of the demat account, the Stock Exchange shall activate the Applicant's profile for making an Application and also provide a user ID (which is PAN) and password for login on to the BSEDirect platform.

ix. An Applicant shall be able to view their respective details including their demat account, by accessing the tab 'My Profile'.
x. To modify their details, an Applicant must login to the BSEDirect portal and click on 'My profile'.
xi. The Stock Exchange shall revalidate the modified details with Depository.
xii. No modification request shall be accepted during the Issue Period if the Applicant has made an Application in the Issue.
xiii. To re-generate a new password, the Applicant can use the 'Forget Password' option.
xiv. Existing investors who are already registered for "GSec AND T-Bills investment", can also use the facility for applying in the Issue by using the UPI Mechanism for blocking of funds for Applications with a value up to ₹ 5 lakhs.

b. Process to place Bid via BSEDirect platform/ mobile app

i. The Issue, during the Issue Period, shall be opened for subscription and will be available for making an Application through the BSEDirect platform/ mobile app.
ii. Upon successful login, an Applicant can select the Issue to make an Application.
iii. The details of PAN and DP ID and Client ID will be populated based on the registration done by the Applicant.
iii. Before submission of the Application, an Applicant would be required to create a UPI ID with a maximum length of 45 characters including the handle (Example: investorId@bankname)
iv. An Applicant shall be required to enter a valid UPI ID, in the UPI ID field.
v. An Applicant must select the option along with number of NCDs being applied for in the Issue.
vi. Applicants must check the Issue details before making an Application.
vii. Applicant will only be able to make an Application for an amount of up to ₹5 lakhs.
viii. Applicants shall only have UPI as a payment mechanism with ASBA.
ix. Applicants must check and understand the UPI Mandate acceptance and blocking of fund process before making an Application.

For details of the blocking process post the Application details being entered into the bidding platform of the Stock Exchange, refer **"*Submission of Applications - For Applications under the UPI Mechanism*"** on page 219.

c. SMS from the Exchange

Post completion of the blocking process, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application at the end of day, during the Issue Period and for the last day of the Issue Period, the SMS shall be sent the next Working Day.

d. Modification and Cancellation of Orders

i. An Applicant shall not be allowed to add or modify the bid(s) of the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. An Applicant can withdraw the bid(s) submitted under a single Application and reapply. However, part cancellation of bid in a single Application is not permitted.

e. Re-initiation of Bid

i. If the Applicant has not received the UPI Mandate by an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation, after the lapse of reasonable time.
ii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

For details of the process of the UPI Mandate acceptance, refer "**Operational Instructions and Guidelines - Acceptance of the UPI Mandate**" on page 213. **Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons. Since the process of making an Application through BSEDirect is based on notification issued by the Stock Exchange, Applicants are requested to check the website of the Stock Exchange for any further**

notifications by the Stock Exchange amending, supplementing, updating or revising the process of Applications through BSEDirect.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Funds Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall notexceed20%ofthenetassetsofthe scheme.

Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments insecuritized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the scheme concerned for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (a) its SEBI registration certificates (b) the trust deed in respect of such mutual fund (c) a resolution authorizing investment and containing operating instructions and (d) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees, as per the last audited financial statements, can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s).

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (a) the certificate of registration issued by RBI, and (b) the approval of such banking company's investment committee is required to be attached to the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Pursuant to SEBI Master Circular, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (a) SEBI registration certificate and (b) a resolution authorizing investment and containing operating instructions and (c) Specimen signature of authorized persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Applications by Association of Persons and/or bodies established pursuant to or registered under any Central or State statutory enactment

In case of Applications made by 'Association of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (a) certified copy of the certificate of registration or proof of constitution, as applicable, (b) power of attorney, if any, in favour of one or more persons thereof, (c) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (a) certified copy of the registered instrument for creation of such trust, (b) power of attorney, if any, in favour of one or more trustees thereof, (c) such other documents evidencing registration thereof under applicable statutory/regulatory requirements.

Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (a) any act/ rules under which they are incorporated; (b) board resolution authorizing investments; and (c) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorizing investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorized person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (a) resolution authorizing investment and containing operating instructions; and (b) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Applications by Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorizing investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorizing investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions; (iv) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be

submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having on-line demat account portals may also provide a facility of submitting the Application Forms on-line to their account holders. Under this facility, a broker receives an on-line instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction and a power of attorney granted by the Applicant to authorize the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs IN DEMATERIALIZED FORM

Submission of Applications

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorized to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account (and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism).

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI **(www.sebi.gov.in)** and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, refer the website of the SEBI **(www.sebi.gov.in)** as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at **www.bseindia.com.** The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI **(www.sebi.gov.in)** and updated from time to time.

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the

SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the ASBA Applications.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above ASBA Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is up to ₹5 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSEDirect, wherein the Application will automatically be uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counterfoil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at **www.sebi.gov.in**). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected**. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

Once the Application details have been entered in the bidding platform through Designated Intermediaries or BSEDirect, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorize the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, it shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded.

For further information on the Issue programme, please refer "***General Information – Issue Programme***" on page 53. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, it is liable to be rejected.

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details. Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such **Applications contain the PAN of the HUF and not of the Karta**;
- Applicants applying for allotment in Dematerialized form must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the Eighth Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the

Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM

Applicants applying for allotment in dematerialized form must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form for allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards dematerialized credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dematerialized credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for it.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.

Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants.

Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable), then such Application are liable to be rejected.

C. Unified Payments Interface ("UPI")

Pursuant to the SEBI Master Circular, the UPI Mechanism has become applicable for public debt issues being conducted on or after January 1, 2021 as a payment mechanism (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

D. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the Courts in terms of a SEBI Circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI Circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction.

Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the Courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field ***i.e.***, either Sikkim category or exempt category.

Process for investor application submitted with UPI as mode of payment

a. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

b. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.

c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.

d. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.

f. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

g. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with Sponsor Bank appointed by the issuer.

h. The Sponsor Bank shall initiate a mandate request on the investor.

i. The request raised by the Sponsor Bank, would be electronically received by the investor as an SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account

j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.

k. An investor is required to accept the UPI mandate latest by 5 p.m. on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 p.m. the next working day.

l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1 p.m..

n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5 p.m. on the day of bidding.

o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investor's bank where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

p. The information containing status of block request (e.g. accepted / declined / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

s. The allotment of debt securities shall be done as SEBI Master Circular.

t. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

u. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with the Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investors' account. The Sponsor bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit/ collect request from investors' bank account, whereupon funds will be transferred from investor's account to public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/ partial allotment. For Partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

w. Thereafter, Stock Exchange will issue the listing and trading approval.

x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

   i. Investor shall check the Issue details before placing desired bids;
   ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
   iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/ integration of UPI on Debt Public Issue System;
   iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;
   v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorizing the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;
   vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and
   vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

y. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (**"UPI"**) for Debt IPO through NSE goBID on January 05,2021, the investor shall also be responsible for the following:

   i. After successful registration and log-in, the investors shall view and check the active Debt IPO's available from IPO dashboard.
   ii. Investors shall check the issue/option details. Existing registered users of NSE goBID shall also be able to access once they accept the updated terms and condition.
   iii. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate and take necessary action.
   iv. UPI mandate can be accepted latest by 5 p.m. on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 p.m. the next working day.
   v. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 p.m. on the day of bidding.
   vi. Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.

z. The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt

IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange(s).

Kindly note that the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted on-line through the app based/ web interface platform of Stock Exchanges or through their Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar.

E. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed for and on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

F. Additional / Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus.

Any Application for an amount below the above minimum Application size will be deemed as an invalid Application and shall be liable to be rejected. However, multiple Applications by the same individual Applicant aggregating a value exceeding ₹ 25 lakh shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant.

However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application.

For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, ***i.e.,*** Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the above purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations guidelines and approvals.
2. Read all the instructions carefully and complete the Application Form in the prescribed form.
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.
4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Debentures will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant himself or herself is not the ASBA account holder.
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.
8. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.
9. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.
10. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.
11. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.
12. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
13. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
14. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
15. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
16. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, Options, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
17. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.
18. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer **"*General Information – Issue Programme*"** on page 53.
19. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and Officials appointed by the Courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the Courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
20. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
21. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.
22. Choose and mark the option of NCDs in the Application Form that you wish to apply for.
23. Ensure that the Demographic Details including PAN are updated, true and correct in all respects.
24. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form

without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.

25. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form and Tick the option(s) of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

SEBI Master Circular stipulates the time between closure of the Issue and Listing at 6 (six) working days. In order to enable Compliance with the above timelines, investors are advised to use ASBA Facility only to make payment.

Don'ts

1. Do not apply for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI, Investors making an Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (*inter alia* including NRIs who are (a) based in the USA, and/or, (b) domiciled in the USA, and/or, (c) residents/citizens of the USA, and/or, (d) subject to any taxation laws of the USA).
16. Do not make an Application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.
19. Do not submit an Application Form using UPI ID, if the Application is for an amount more than ₹5,00,000.
20. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor.
21. Do not submit more than five Application Forms per ASBA Account.
22. Please also refer "***Operational Instructions and Guidelines - Applicant's Responsibilities***" on page 214.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at www.sebi.gov.in).

Please refer "***Rejection of Applications***" on page 232 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded on to the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, ***i.e.,*** up to ₹ 5 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository.

The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹ 5 lakh) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case may be) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 p.m. on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 p.m. of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalization of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	
(i) If using physical Application Form	(a) To the Designated Intermediaries at relevant Collection Centres, or (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained
(ii) If using electronic Application Form	To the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form.

However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange.

The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to (a) the Applications accepted by the SCSBs, (b) the Applications uploaded by the SCSBs, (c) the Applications accepted but not uploaded by the SCSBs, (d) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (e) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (f) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in the minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date.

On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis.

Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer **"*General Information – Issue Programme*"** on page 53**.**

(c) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank Code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including :

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank Code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement **("TRS")** will be given to the Applicant as a proof of the registration of each Application.

It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be.

The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the on-line system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(h) **Only Applications that are uploaded on the on-line system of the Stock Exchange shall be considered for allocation/ Allotment**.

The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, the Designated Intermediaries and the Designated

Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the on-line system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors or the NCD Issuance Committee reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case, without assigning any reasons thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

1. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
2. Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;
3. Applications not being signed by the sole/joint Applicant(s);
4. Investor Category in the Application Form not being ticked;
5. Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
6. Applications where a registered address in India is not provided for the non-Individual Applicants;
7. In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not in the names of the individual partner(s);
8. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
9. PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the Courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;
10. DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;
11. GIR number furnished instead of PAN;
12. Applications by OCBs;
13. Applications for an amount below the minimum Application size;
14. Submission of more than five ASBA Forms per ASBA Account;
15. Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
16. Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
17. Applications accompanied by stock invest/ cheque/ money order/ postal order/ cash;
18. Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
19. Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
20. Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
21. Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
22. Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
23. ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;
24. In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;
25. Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
26. SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not available or (d)

through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilized solely for the purpose of applying in public issues;

27. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
28. Authorization to the SCSB for blocking funds in the ASBA Account not provided;
29. Applications by any person outside India;
30. Applications not uploaded on the on-line platform of the Stock Exchange;
31. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
32. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form mentioned in this Prospectus and as per the instructions in the Application Form and this Prospectus;
33. Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
34. Applications providing an inoperative demat account number;
35. Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
36. Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
37. Investor category not ticked;
38. In case of cancellation of one or more orders (Options) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;
39. A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 p.m. on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 p.m. of the next Working Day; and
40. A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹5 lakhs.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please refer "***Information for Applicants***" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs [●]

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Investor Portion*")**;
(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Investor Portion*")**;
(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*HNI Investor Portion*").**
(d) *Applications received from Category IV applicants:* Applications received from Category IV, shall be grouped together, **("*Retail Individual Investor Portion*").**

For removal of doubt, "***Institutional Investor Portion***", "***Non-Institutional Investor Portion***" ***"HNI Investor Portion" and*** "***Retail Individual Investor Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 10,000 lakhs over and above the Base Issue Size of ₹ 10,000 lakh.

The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 5% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or on-line acknowledgement);

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 15% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

(iii) Applicants belonging to the Category III in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

(iv) Applicants belonging to the Category IV in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., on a first-come first-serve basis, based on the date of upload of each Application into the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of over-subscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:
(i) Individual Portion

(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating a value exceeding ₹5 lakhs;
(iii) Institutional Portion on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange. For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated on par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively. Minimum allotment of 10 NCDs and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 p.m. of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of this, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalized by draw of lots in a fair and equitable manner; and
(iv) The total Allotment under Option [●] to Option [●] of the NCDs shall not exceed a value more than ₹10,000 lakh (assuming retention of 100% of oversubscription amount)

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of over-subscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange. In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will allot the residual NCD(s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Options [●];
(ii) followed by payment on cumulative options in decreasing order of tenor *i.e.*, Options [●];

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: [●].

Our Company would Allot Option [●] NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the above provisions of this Prospectus.

Retention of over-subscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/ UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment shall be made within 5 (five) working days from the date of Issue Closing Date.

The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at 15% p.a. for the delayed period, in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, it can be done by submitting a request for it to the Designated Intermediary concerned who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application.

In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, it can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both.

However, the Applicant may withdraw the Application and reapply. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the on-line system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also refer "***Operational Instructions and Guidelines - Modification and cancellation of orders***" on page 213.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar to the Issue and both the depositories. As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form.

In this context:

(i) Tripartite agreement dated January 30, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated February 5, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.
(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.
(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
(vii) Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Company Secretary and Chief Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Utilisation of the issue proceeds

a. All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
b. Details of all monies utilized out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilized;
c. Details of all unutilized monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested;
d. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
e. Undertaking by our Company for execution of the Debenture Trust Deeds.
f. Further, as per Regulation 18(2) of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;
g. We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹7,500 lakhs and receipt of listing and trading approval from the Stock Exchange;
h. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and
i. Allotment Advices shall be issued or Application Amount shall be refunded / unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at the rate of 15% p.a. for the delayed period, in accordance with applicable law.
j. Further, the proceeds of this issue will be utilised only for the purpose and objects stated in the offer documents / Prospectus

Undertakings by our Company

Our Company undertakes that:

a. the complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

b. necessary co-operation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
c. necessary steps will be taken for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;
d. funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;
e. our Company will disclose the complete name and address of the Debenture Trustee in its annual report
f. we shall forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on half-yearly basis;
g. we shall provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;
h. we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time:
i. we shall create a recovery expense fund in the manner as may be specified by the Board from time to time and inform the Debenture Trustee about the same;
j. we undertake that the assets on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, permission or consent to create a second or *paripassu* charge on the assets of the issuer will be obtained from the earlier creditor(s).
k. the charge created on the security shall be registered with the sub-registrar, RoC, CERSAI, Depositories, as applicable, within 30 days of creation of such charge; and

NCDs shall be considered as Secured only if the charged assets are registered with the sub-registrar or RoC or CERSAI or Depositories, as applicable or is independently verifiable by the Debenture Trustee.

SECTION VII: LEGAL AND OTHER INFORMATION

PENDING PROCEEDINGS AND STATUTORY DEFAULTS

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

Sakthi Sugars Limited: (Listed with BSE / NSE)

(₹ lakh)

1. Statutory Defaults as on September 30, 2023	
Electricity Generation Tax	646.28
Interest Payable on Generation Tax	64.36
Total (1)	**710.64**
2. Dues to Banks / Institutions as on September 30, 2023	
Banks / Asset Reconstruction Companies	4478.31
Sugar Development Fund * - (Principal ₹ 4,416.41 - Interest ₹ 7,117.34)	11,533.75
Total (2)	**16,012.06**
Total (1+2)	**16,722.70**

* SSL has submitted an application to the SDF Authority for the restructuring of loans availed from SDF under operational guidelines Rule 26 of SDF rules and the same has been approved by Meeting of Committee for Rehabilitation held on 11th September 2023 subject to conditions stipulated as per the minutes of the meeting. The proposed restructuring loan amount is ₹ 78 crores, and all the penal interest is to be waived.

Except as disclosed herein below, there are no:

a. proceedings against the Company and the Directors for offences under the enactments specified in Paragraph 1 of Part I of Schedule V to the Companies Act, 2013;

b. litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last three years immediately preceding the date of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;

c. litigation involving the Company, the Promoter, Directors and our group companies or any other person, whose outcome could have material adverse effect on the position of our Company during the last three years immediately preceding the date of the issue of this draft Prospectus;

d. proceedings initiated against the Company for economic offences during the last three years immediately preceding the date of the issue of this draft Prospectus;

e. matters pertaining to default and non-payment of statutory dues during the last three years immediately preceding the date of the issue of this draft Prospectus;

f. inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 during the last three years immediately preceding the date of the issue of this draft Prospectus;

g. instances of fines imposed or compounding of offences made during the last three years immediately preceding the date of the issue of this draft Prospectus; and

h. *matters pertaining to any material frauds committed against the Company during the last three financial years immediately preceding the date of the issue of this draft Prospectus.*

I. CASES FILED AGAINST THE COMPANY

Civil Litigations

1. Mr. N. Senthil ("Hirer") (HP A/c No 477483) filed an Injunction Suit (O.S.182 of 2013) on August 30, 2013 against the company before Court of District Munsiff of Madurai Taluk (Court) alleging that the Company is attempting to take illegal custody of vehicle financed under Hire Purchase transaction. Further, the Hirer prayed to the Court to pass judgment and decree for granting permanent Injunction restraining the company and their agents, or person claiming through them in any way interfering with the Hirer in the peaceful possession and enjoyment of the vehicle except under the due process of law. In response to the aforesaid suit, on 18th September 2013, the Company has filed an application before the court to reject the Plaint and direct the plaintiff to work out remedies before the Arbitration Tribunal. The Court allowed the application filed by company I.A. 468 of 2013 on 18/11/16 and the Plaint is rejected under Order 7 Rule 11 of CPC. The Company has also initiated an arbitration proceeding (A.C. No 81 of 2013) against N.Senthil ("Hirer") and guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on 14th September 2013 in terms of Hire Purchase Agreement. The Arbitral Tribunal passed an award on 14th June 2014 (Award) directing the Hirer and Guarantor to pay ₹ 7.08 lakh with additional hire charges at 18% p.a. from the date of claim statement till the date of payment and also cost of ₹ 0.10 lakh, within three months from the date of the order. On account of failure of the parties to pay the award amount within stipulated time, the Company is taking steps to execute the award and filed EP 116 of 2020 on the file of Honourable District Judge Court, Madurai, for the attachment and sale of immovable properties and the Court ordered attachment of immovable property. The property was attached on 17th December 2021 and matter is referred to Lok Adalath and the case is posted to 18th March 2022 for further hearing. The property attached; court has ordered court admin to fix the value of immovable property attached for fixing upset price. The case was listed for hearing on 22nd August 2022. The orders passed thereon is as under "EP 116 of 2020 in ACP 81 of 2013 - Test batta already paid. Issue for 13th March 2023. Property attached for filing sale papers call on 20th April 2023. Sale papers have been filed and the case is posted to 30th January 2024 for check and call on**.**

2. Mr. D. Swaminathan **("Hirer")** filed an Injunction Suit (O.S. 389 of 2013) on 19th December, 2013 against our Company before Tirupur Taluka (Court) alleging that the Company is attempting to take illegal custody of the vehicle financed under hire purchase transaction. In response to the aforesaid suit, on January 2014, the Company has filed an application before the Court. Further, the Hirer prayed the Court to grant permanent injunction restraining the Company and anybody under them from forcefully and illegally taking custody of the vehicle except under due process of law to reject the plaint and direct the plaintiff to work out remedies before the Arbitral Tribunal. The Honourable Principal District Munsiff Tiruppur dismissed the suit OS 389 of 2013 and the Plaint in the Main suit is rejected.

   The Company has initiated an arbitration proceeding (A.C No.5 of 2014) against D. Swaminathan **("Hirer")** and a guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on January 6, 2014 in terms of the hire purchase agreement. The Arbitral Tribunal passed an award on August 23, 2014, directing the Parties to pay ₹ 8.46 lakh with additional hire charges of 18% p.a. from the date of the claim settlement till the date of payment within three months from the date of the order. The Execution Petition was filed on the file of Principal District Judge Tiruppur and is pending.

Consumer Cases

1. Mr. M. Maharajan ("Hirer") filed a complaint (C.C. 152 of 12) before District Consumer Dispute Redressal Forum, Madurai ("Court"), on December 3, 2012, alleging that the Company has wrongfully taken custody of vehicle financed to Hirer. Further, the Hirer prayed the Court to direct the Company (i) to hand over the possession of vehicle under custody; (ii) to pay a sum of`0.10 lakh per month from September 2008 to 2012; (iii) award damages of ₹ 2 lakh for mental agony, ₹ 0.25 lakh for deficiency in service and ₹ 0.10 lakh towards cost and such other relief. The Company submitted a counter statement, on January 18, 2013, before the Court to reject the aforesaid complaint and direct the Hirer to work out his remedies before the Arbitral Tribunal. The matter is pending before the Court and posted for hearing on August 11, 2021. The Company has submitted written arguments. The CC 152 of 2012 was transferred to Consumer Dispute Redressal Commission, Dindugal. The Company has filed First Appeal A 123 of 2022 on the file of State Consumer Redressal Commission- Circuit Bench Madurai and posted to September 19, 2023 for written arguments.

The Company has initiated an arbitration proceeding (A.C No.42 of 2012) against Hirer and a Guarantor (collectively referred to as "Parties") by referring the matter to Arbitral Tribunal, Coimbatore on May 8, 2012. The Arbitral Tribunal has passed an award dated March 23, 2013 ("Award") directing the Parties to pay the outstanding amount of ₹ 3.36 lakh together with additional finance charges @ 18% p.a. from July 28, 2012 till payment and also cost of ₹ 0.07 lakh, within three months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition ("EP") EP 25 of 2023 on the file of Sub Court Madurai. . The company is taking steps to execute the Award and the matter is posted to 22nd January 2024 for hearing.

2. The Company had advanced hire purchase loan to Mr. Thomas **("Hirer")** and demanded outstanding amount of ₹ 1.14 lakh comprising ₹ 0.68 lakh as arrears instalment amount and ₹ 0.46 lakh as additional hire charges. The Hirer filed a complaint (CC No 378/12) on June 26, 2012 before District Consumer Dispute Redressal Forum, Ernakulum (Forum) against Company admitting the claim of ₹ 0.68 lakh only as full and final settlement against the aggregate outstanding of hire charges of ₹ 1.14 lakh and deposited the admitted amount with the Forum. Further, the Hirer prayed the Forum to direct (i) the Company to receive an amount of ₹ 0.68 lakh as full and final settlement amount from the Hirer and issue NoC and to return the cheque leaves collected from the Hirer as security; (ii) to produce ledger extract of hirer before the Forum and (iii) the Company to pay the amount of ₹ 0.10 lakh for deficiency in service and ₹ 0.10 lakh for mental agony. The Forum, vide its interim order (I.A.No.547/2012 in CC No. 378/12) dated November 12, 2012, directed the Hirer to pay a sum of ₹ 0.68 lakh to Company within 30 days from the date of the order; (ii) deposit ₹0.46 lakh with the Forum within 30 days of the receipt of the order and (iii) the Company shall issue NoC within 15 days of the receipt of the evidence on the above payment and deposit. The Forum, vide its order dated May 29, 2015, allowed the complaint and directed to the Company to pay compensation of ₹1.00 lakh with interest @ 12% p.a. (from date of filing the complaints till the date of realization) and cost of proceeding of ₹ 0.10 lakh to the Hirer. Against order of Forum, the Company has preferred an appeal No 661 of 2015 at Kerala State Consumer Dispute Commission. The case is posted for further hearing on September 13, 2022.

   The Company has initiated an arbitration proceeding (A.C No.78 of 2012) against Hirer and two Guarantors (collectively referred to as **"Parties"**) by referring the matter to the Arbitral Tribunal, Coimbatore on July 14, 2012. Arbitral Tribunal has passed an award dated August 31, 2013 ("**Award"**) directing the parties to pay the outstanding amount together with subsequent hire purchase charges @ 36% p.a. from the date of claim till payment and deposit of disputed amount of AHC in Consumer Forum. In Compliance of orders passed by the District consumer Dispute Redressal commission, the customer paid admitted amount of ₹ 0.60 lakhs to the Company and the Company has released NOC of hired vehicle and the Hirer deposited ₹ 0.46 lakhs with District Commission pertaining to the Additional Hire charges. The Company will take steps to get the same after disposal of first Appeal pending before the State Commission, if the State Commission upholds the Company's claim for additional hire charges.

3. Mr. Robinson ("**Hirer**") has filed a complaint (CC 1 of 2013) on January 2, 2013 before the State Consumer Disputes Redressal Commission Circuit Bench, Madurai ("**State Commission**") for alleging deficiency in service *viz.* non-furnishing of no due certificate as well as no objection certificate for cancelling hypothecation even after clearing the loan amount. Further, the Hirer prayed the Commission for passing an order more particularly directing the Company to issue no due certificate in relation to the loan disbursed in pursuance of hire purchase agreement along with no objection certificate for cancellation of hypothecation endorsement in the certificate of registration of the vehicle forthwith along with compensation to the tune of ₹ 23 lakh along with costs. The Company has filed the statement of objection before the Commission submitting that the hire purchase transaction has already been terminated and the no due certificate sent to Hirer by way of registered post. The Commission vide its order dated November 19, 2015, partially allowed the complaint and directed the Company to pay compensation of ₹ 10.00 lakh and cost of proceeding of ₹ 0.10 lakh to the Hirer. Against the order of State Commission, the Company has preferred an appeal before the National Commission in First Appeal 1022 of 2015 and the case was posted on 29th September 2023. On 29th September 2023, the National commission has passed the following orders "Learned Proxy Counsel with Authority letter has appeared for the Appellant. None is present for the Respondent. Final opportunity is granted to the Respondent to file short synopsis for arguments which if not filed the matter shall proceeded ex parte and the matter shall be heard in his absence". The matter is listed on 8th January 2024.

4. Mr. Palpandi ("**Complainant**") filed a complaint (CC No. 79 of 2014) on February 28, 2014 before District Consumer Dispute Redressal Forum, Madurai ("**Forum**") against the Company alleging for non-sanctioning of hire purchase advance to the Complainant. Further, the Complainant prayed to the Forum to pass an order directing the Company to (i) release the sanctioned loan amount of ₹13.00 lakh; (ii) pay damages of ₹ 5 lakh towards mental agony, monetary loss and for having cost damage to the reputation of the complainant (iii) to pay the cost of the complaint. The Company has filed a counter statement on May 20, 2014 before the Forum submitting that (a) the Complainant is not a consumer as defined under the Consumer Protection Act; (b) the dispute is a commercial transaction which cannot be entertained by the Forum; (c) there is no concluded contract between the parties and (d) there is no deficiency of service in the transaction. Accordingly, the Company prayed the Forum to dismiss the aforesaid complaint with compensatory cost. The matter was transferred to the Consumer Dispute Redressal Forum Theni and the Forum has allowed the application. Company has preferred First Appeal to the State Redressal Commission and same is pending (CMP/ 285/2022 IN a/ 124/2022 Private Notice Postal cover returned with an endorsement as no such addressee. Recorded. Substitute service for respondents 06/03/2023. A /124/ 2022 substitute service for the respondent and effected. The case is posted on 18th January 2024 for arguments.

II. CASES FILED BY THE COMPANY

Criminal Litigations

The Company filed a criminal complaint on November 29, 2013 against Mr. Suresh Ram **("Hirer")**, Mrs. Vasanthi and Mr. Arumugam before District Crime Branch, Villupuram for fabrication of records under Sections 419, 420 and 468 of IPC. The FIR is registered as crime no. 05 of 2014 by the District Crime Branch, Villupuram. The Police completed their investigation and filed charge sheet before Chief Judicial Magistrate, Villupuram in C.C. 208 of 2018 and the arrest warrant is pending, as the Accused (A1 to A4) were absent. Section 317 Petition being Petition to dispense with personal appearance of accused filed and allowed. A3 not present, A4 present, No representation, hence warrant issued as posted on 22nd January 2023. The arrest warrant is issued. Next call on December 22, 2023.

The Company has initiated an arbitration proceeding (A.C No. 86 of 2013) against the Hirer and two Guarantors (collectively referred to as "**Parties**") by referring the matter to Arbitral Tribunal, Coimbatore on September 14, 2013. The Arbitral Tribunal has passed an award dated March 15, 2014 ("**Award**") directing the Parties to pay the outstanding amount of ₹ 11.05 lakh together with additional finance charges at 18% p.a. from the date of claim till payment and also cost of ₹ 0.15 lakh, within 3 months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition ("**EP**") against the Parties, on July 11, 2014, before Principal District Judge, Villupuram under order 21 of Rule 22, 54, 66 and 82 of CPC. The EP is taken on record bearing number 36 of 2014. The company is taking steps to execute the same.

Civil Litigations

We are a deposit-taking Investment and Credit NBFC-ML, providing finance to pre-owned commercial vehicles, purchase infrastructure construction equipment, multi-utility vehicles, cars, jeeps and other machinery. The finances provided are secured by lien on the assets financed. In event of non-payment dues, our Company initiates arbitration proceedings against hirer / guarantors, who are in default in repaying the hypothecation dues. As on November 30, 2023 our company has initiated 1,691 arbitration proceedings for an aggregate amount of ₹ 7,155.68 lakh for recovery of outstanding dues, which are pending at different stages. The details are as under:

Stages / present status	Number of cases	Amount (₹ lakh)
Arbitration proceedings initiated and pending	52	369.28
Arbitration awards passed but amount yet to be recovered	1,220	5,008.28
Execution Petition for enforcement of Award filed and pending	419	1,777.57
Total	**1,691**	**7,155.68**

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

III. LITIGATIONS INVOLVING STATUTORY DISPUTES

Service Tax Litigation

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

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

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

(a) An amount of ₹ 3,09,35,437 (Rupees three crore nine lakh thirty five thousand four hundred thirty seven only) under Section 73 (2) of the Act towards service tax short paid on "Banking and Other Financial Services" during the period from 1.10.2014 to 31.3.2016, together with appropriate interest in terms of section 75 of the Act plus penalty of ₹ 30,93,544 (Rupees thirty lakhs ninety three thousand five hundred and fifty four under Section 76 of the Act plus penalty of ₹ 10,000 (Rupees ten thousand only) under Section 77 (2) of the Act.

(b) An amount of ₹ 2,86,29,878 (Rupees two crores , eighty six lakhs , twenty nine thousand, eight hundred and seventy eight only) under Section 73 (2) of the Act towards service tax short paid on "Banking and Other Financial Services " during the period from 1.4.2016 to 30.6.2017, together with appropriate interest in terms of section 75 of the Act plus penalty of Rs.28,62,988 /- (Rupees twenty eight lakhs sixty two thousand nine hundred eighty eight only) under Section 76 of the Act plus penalty of ₹ 10,000 (Rupees ten thousand only) under Section 77 (2) of the Act

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

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

Assessment Year ("AY")	Forum before which matter is pending and Case/Appeal No	Facts of the case
1999-2000	Assessing Officer	For assessing the total income of the Company for AY 1999-2000, the assessing officer had added ₹ 118.34 lakh accrued interest on NPA. The Company had filed an appeal before the Commissioner of Income Tax (Appeal) against the order of assessing officer, The Commissioner of Income Tax (Appeal) allowed appeal filed by the Company and deleted addition made by assessing officer from the total income. Against the above order of the Commissioner of Income Tax [CIT] (Appeal), the income tax department had preferred an appeal before Income Tax Appellate Tribunal, Chennai (ITAT).

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

Interest tax cases under the Interest Tax Act 1974

Assessment Year ("AY")	Forum before which matter is pending and Case/ Appeal No	Facts of the case
1999-2000 and 2000-01	High Court, Madras TC (A) No. 282 & 283 of 2007 and Review Petition No. 56 of 2013 and 57 of 2013	For the AYs 1999-2000 and 2000-01, the assessing officer has added accrued interest on NPA amounting to ₹180.35 lakh and ₹56.09 lakh for the respective AYs. The Company had preferred the appeals before Commissioner of Income Tax (Appeal), who allowed the appeals made by the Company holding that accrued interest on NPA is not assessable to income tax. The income tax department had preferred appeals against above order of the CIT (Appeal) before Income Tax Appellate Tribunal, Chennai ("**ITAT**"). The ITAT *vide* it's orders bearing no. INT.T.A. Nos. 4/Mds/2006 and 5/Mds/2006 dated September 15, 2009 rejected the appeals filed by the income tax department and held that no addition could be made in the hands of assessee in respect of unrealized accrued interest when the loan was classified as NPA. The income tax department had preferred appeals against orders of ITAT before Hon'ble High Court, Chennai u/s 260A of the IT, Act. The Hon'ble High Court *vide* its judgment and decree dated February 12, 2013 in TC (A) No. 282 & 283 of 2007 set aside the orders of ITAT and matters are remanded to the assessing officer for consideration afresh. With respect to above judgment of the Hon'ble High Court, the Company has preferred review petition under Section 260(A) of the IT Act and prayed to the Hon'ble High Court to recall its judgment remanding the matter to the assessing officer afresh for consideration. The Hon'ble High Court *vide* its order disposed of the review petition and directed to place the matter before the decision of the larger bench of Hon'ble High Court, Chennai.

IV. LITIGATION INVOLVING OUR GROUP COMPANIES

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

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

(a) Promoters

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

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

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

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

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

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

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

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

NON-COMPLIANCE UNDER FOREIGN EXCHANGE MANAGEMENT ACT 1999: NIL

NON-COMPLIANCE ON MATTERS RELATING TO CAPITAL MARKET

(b) Company

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

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

BSE Limited has levied fine as per SEBI Circular Nos. SEBI/HO/DDHS/SSHS/CIR/P/2020/231 dated November 13, 2020 regarding delay in furnishing prior intimation with respect to date of payment of interest to NCD holders under Regulation 50(1) of SEBI (LODR) Regulations levying a penalty of ₹ 5,900 (inclusive of GST) and for delay in submission of the notice of record date under Regulation 60(2) of SEBI (LODR) Regulations 2015 and has levied a penalty of ₹ 47,200 (inclusive of GST). In response to said claim, company has responded stating that the company had furnished the information within the stipulated time. The Company has contested the levy of penalty by submitting the requisite documents towards proof of timely compliance of the above matters on 1st October 2022 besides furnishing additional documents on 12th October 2022 to BSE Limited and requested them to drop the fines imposed. BSE Limited in terms of their Mail dated 21st March 2023 and Mail dated 24th March 2023 respectively has informed that based on revised submission / written representation made by the company the levy of fine has been withdrawn.

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

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

VI. LITIGATION INVOLVING OUR GROUP COMPANIES

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

(1) SAKTHI SUGARS LIMITED

(i) <u>Litigations Against SSL</u>

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

a) IFCI has made a claim of ₹ 6,806.80 lakhs against SSL before DRT, Chennai in O.A. No. 9 of 2018. The Loan was advanced by Government of India through IFCI as nodal agency. The OA is at final hearing stage. In the meanwhile, Govt of India has issued guidelines for Restructuring and prescribed specific eligibility criteria. The application of SSL for restructuring was approved at CFR meeting held on 11.9.2023 subject to certain conditions precedent to be complied with by SSL within 15 days and if SSL is not able to meet the conditions/deadline, the application was to revert back to the CFR

for reconsideration. SSL has sought for extension of time to comply with the conditions and in the circumstance, the application will go back to CFR for reconsideration. If restructuring in terms of the guideline is finally sanctioned, the outstanding will be reduced to Rs. 78.89 crores as against 107 crores.

b) In IBA 873 of 2019, NCLT Chennai Bench ordered CIRP against ABT (Madras) Private Limited, on application by ARCIL as Financial Creditor. By order dated 3.9.2021 NCLT sanctioned a Resolution Plan for merger of ABT (Madaras) Private Limited with Baashyaam Infrastructure Private Limited (BIPL). In terms of the Resolution Plan, personal guarantee given by Dr. M. Manickam for the Financial Debt has been assigned to BIPL. BIPL has not invoked the guarantee. Dr. M Manickam claims that the personal guarantee is extinguished.

c) ARCIL has filed an application before DRT, Coimbatore in OA 958 of 2021 against SSL, Dr M. Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, ABT Limited. The OA is for recovery of ₹ 776.20 crores together with interest. Proposal for OTS submitted by SSL had been sanctioned by the ARCIL for a sum of ₹ 292.80 crores (Principal amount). Out of the above, SSL has settled the loan to the extent of ₹ 168.87 crores to ARCIL and the balance amount of ₹ 123.93 crores have been assigned by ARCIL to Phoenix. SSL has to pay ₹ 123.93 crores together with interest as per agreed repayment schedule to Phoenix. Phoenix has to substitute its name in the place of ARCIL, which step is yet to be taken by Phoenix. As at 30th November 2023, SSL was required to pay Phoenix ₹ 39.78 crores with interest in instalments. Present Outstanding amount of ₹ 37.25 crores and is payable in instalments till 31st May 2025.

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

(ii) <u>Cases filed by SSL</u>

a) SSL has instituted CP/387/2020 before NCLT, Chennai Bench on mandate of lenders of SSL to remedy oppression concerning the affairs of Sakthi Auto Component Limited, wherein SSL has a shareholding of 19.81%. The said CP is pending.

b) SSL has commenced Arbitration proceedings against Sakthi Auto Component Limited making an interest claim of ₹ 252.19 crores. The said Arbitration proceedings have been stayed by the Madras High Court vide Order dated 21.10.2019.

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

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

Particulars	Default Amount (₹ lakh)	Default Period	Current Status
Sugar Development Fund ("SDF")	Principal : 2,814.51 Interest : 2,121.32	Sep 2011 to November 2016 March 2012 to November 2022	IFCI initiated legal action in DRT. However, GOI had announced a restructuring proposal vide notification No. GSR885 (E) dated 17.9.2019 for SDF loans. Company has submitted restructuring proposal to SDF/IFCI and the same is under consideration.
Government of Karnataka Interest Free Purchase Tax Loan	185.00	2010 - 2017	-

(3) ABT (Madras) Private Limited

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

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

RBI

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

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

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

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

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

IX. Brief details of 5 Material Litigations

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

OTHER REGULATORY AND STATUTORY DISCLOSURES

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

Issuer's Absolute Responsibility

Authority for the Issue

The Board of Directors of our Company have, at the meeting held on November 8, 2023, approved the public issue of Secured Redeemable NCDs of face value of ₹ 1,000 each not exceeding ₹ 10,000 lakh ("**Base Issue Size**") with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating an amount not exceeding ₹ 20,000 lakh.

Pursuant to the resolution passed by the members of our Company under Section 180(1)(c) of the Companies Act 2013, through the postal ballot process, the results of which were declared on 5th April 2014, the Board has been authorized to borrow any sum or sums of money, from time to time, as it may deem necessary, provided that the total monies borrowed and outstanding at any time for the principal amounts of the loans borrowed (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore.

Prohibition by SEBI / eligibility of our Company

Our Company, persons in control of the Company and/or our Promoters and/or our Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months.

None of our Promoters/ Directors have been declared as a fugitive economic offender.

Our Company, as on the date of this Draft Prospectus, has not defaulted in

a. The repayment of deposits or interest payable thereon; or
b. Redemption of preference shares; or
c. Redemption of debt securities and interest payable thereon; or
d. Payment of dividend to any shareholder; or
e. Repayment of any term loan or interest payable thereon;

in the last three financial years and the current financial year.

Our company is not in default of interest or redemption of principal amount in respect of Non-Convertible Securities for a period of more than six months. None of our Whole-time director and / or Our Promoter, is a whole time Director / Promoter of another company which is / has been categorized as a wilful defaulter.

No regulatory action is pending against the issuer or its promoters or directors before the Board or the Reserve Bank of India

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, BONANZA PORTFOLIO LIMITED, HAS CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, BONANZA PORTFOLIO LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED TUESDAY, JANUARY 16, 2024 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE DEBENTURE SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS 2021.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER (TO THE EXTENT NOTIFIED AS ON THE DATE OF THE OFFER DOCUMENT), SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

5. **WE CONFIRM THAT ALL COMMENTS / COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF BSE HAVE BEEN SUITABLY ADDRESSED.**

DISCLAIMER CLAUSE OF THE BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED [●], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF THE RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 17, 2007 BEARING REGISTRATION NO. 07-00252 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45-IA OF THE RESERVE BANK OF INDIA ACT 1934.

HOWEVER, A COPY OF THIS DRAFT PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS DRAFT PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. BY ISSUING THE AFORESAID CERTIFICATE OF REGISTRATION DATED APRIL 17, 2007 TO THE ISSUER, RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDs.

DISCLAIMER CLAUSE OF CREDIT RATING AGENCY viz. ICRA LIMITED

ICRA RATINGS SHOULD NOT BE TREATED AS RECOMMENDATION TO BUY, SELL OR HOLD THE RATED DEBT INSTRUMENTS. ICRA RATINGS ARE SUBJECT TO A PROCESS OF SURVEILLANCE, WHICH MAY LEAD TO REVISION IN RATINGS. AN ICRA RATING IS A SYMBOLIC INDICATOR OF ICRA'S CURRENT OPINION ON THE RELATIVE CAPABILITY OF THE ISSUER CONCERNED TO TIMELY SERVICE DEBTS AND OBLIGATIONS, WITH REFERENCE TO THE INSTRUMENT RATED. PLEASE VISIT OUR WEBSITE WWW.ICRA.IN OR CONTACT ANY ICRA OFFICE FOR THE LATEST INFORMATION ON ICRA RATINGS OUTSTANDING. ALL INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED BY ICRA FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE, INCLUDING THE RATED ISSUER. ICRA, HOWEVER, HAS NOT CONDUCTED ANY AUDIT OF THE RATED ISSUER OR OF THE INFORMATION PROVIDED BY IT. WHILE REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE INFORMATION HEREIN IS TRUE, SUCH INFORMATION IS PROVIDED 'AS IS' WITHOUT ANY WARRANTY OF ANY KIND, AND ICRA IN PARTICULAR, MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF ANY SUCH INFORMATION. ALSO, ICRA OR ANY OF ITS GROUP COMPANIES MAY HAVE PROVIDED SERVICES OTHER THAN RATING TO THE ISSUER RATED. ALL INFORMATION CONTAINED HEREIN MUST BE CONSTRUED SOLELY AS STATEMENTS OF OPINION, AND ICRA SHALL NOT BE LIABLE FOR ANY LOSSES INCURRED BY USERS FROM ANY USE OF THIS PUBLICATION OR ITS CONTENTS.

DISCLAIMER STATEMENT FROM OUR COMPANY

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDs AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

DISCLAIMER STATEMENT FROM THE LEAD MANAGER

THE LEAD MANAGER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND THAT ANY ONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS DRAFT PROSPECTUS AND THE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT PROSPECTUS, THE PROSPECTUS AND THE ABRIDGED PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

UNDERTAKING BY OUR COMPANY

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR COMPANY AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS.

Disclosures in accordance with the SEBI Master Circular Titled "Master Circular for Debenture Trustees" dated March 31, 2023 (updated on July 06, 2023).

Appointment of Debenture Trustee

The Company has appointed the Debenture Trustee in accordance with the terms of the Debenture Trustee Agreement.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

Separately, the Company and the Debenture Trustee have agreed the payment of an acceptance fee of ₹ 2 lakh plus applicable taxes and a service charge of ₹ 3 lakh on an annual basis, plus applicable taxes in terms of the letter dated November 29, 2023.

Debenture Trustee Agreement provides for*, inter alia,* the following terms and conditions:

1. The Debenture Trustee, either through itself or its agents, advisors, consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents / Debenture Trust Deed, has been obtained. For the purpose of carrying out the due diligence as required under Applicable Law, the Debenture Trustee, either through itself or its agents, advisors, consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts or management consultants appointed by the Debenture Trustee. Prior to

appointment of any agents, advisors, consultants, the Debenture Trustee shall obtain necessary confirmation from the said agents, advisors or consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

2. The Company shall provide all assistance to the Debenture Trustee to enable verification from the ROC, sub-registrar of assurances (as applicable), Central Registry of Securitization Asset Reconstruction and Security Interest of India ("CERSAI"), depositories, information utility ("IU") registered with Insolvency and Bankruptcy Board of India ("IBBI") or any other authority, as may be required, where the assets and/or encumbrances in relation to the assets of the Company or any third-party security provider for securing the Debentures, are registered / disclosed.
3. Further, in the event that existing charge holders or any trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any
4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations. Confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with applicable law.
5. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, traveling and other costs shall be solely borne by the Company.
6. The Debenture Trustee shall make the disclosures on its website as specified under SEBI Master Circular titled "Master Circular for Debenture Trustees" dated March 31, 2023
7. The Debenture Trustee shall take necessary steps to bring the investor charter, as provided in the SEBI Master circular titled "Master Circular for Debenture Trustees" dated March 31, 2023:
   i. Disseminating the investor charter on Debenture Trustee's website and through e-mail.
   ii. Displaying the investor charter at prominent places in offices etc.
8. The Debenture Trustee shall intimate stock exchange and depositories the status of payment of debt securities within nine (9) working days of the maturity / redemption date, in case the issuer fails to intimate the status of payment of the debt securities within stipulated timelines, then debenture trustee(s) shall seek status of payment from issuer and/or conduct independent assessment banks, investors, rating agencies, etc) to determine the same.

Terms of carrying out due diligence

SEBI Master Circular "SEBI/HO/DDHS/PoD1/CIR/2023/109 Dated March 31, 2023 (updated on July 06, 2023) titled "Master Circular for Debenture Trustees" is applicable for carrying out Due diligence. As per Chapter II Para 2 of the above circular, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document and other applicable laws has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors / valuers / consultants / lawyers / technical experts / management consultants appointed by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or anythird-party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders or any trustee on behalf of the existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or

any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any, if Company is required to do so under the respective financing documents executed with the said existing charge holders.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee tocarry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance withthe relevant laws/ Applicable Law.

(e) The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by theDebenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

(f) In addition to the above terms of carrying out the due diligence, the Debenture Trustee Agreement provides for, *interalia*, the following terms and conditions:

i. The Company undertakes to promptly furnish all and any information as may be required by the Debenture Trustee in terms of the Companies Act and the Debenture Trust Deed on a regular basis, including without limitation the following documents, as may be applicable;
ii. The Debenture Trustee does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.

- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrancesor necessary permission / consent / NOC has been obtained from all existing charge holders.

- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.

- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.

- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchange.

- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission/ commission on the part of the Issuer.

While the Debt Security is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Master Circular for Debenture Trustees dated March 31, 2023.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

CATALYST TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED JANUARY 16, 2024 AS PER THE FORMAT SPECIFIED IN ANNEXURE IIA TO THE MASTER CIRCULAR NO. SEBI/HO/DDHS/PoD1/CIR/2023/109 DATED ON MARCH 31, 2023 (UPDATED ON JULY 06, 2023), AS AMENDED FROM TIME TO TIME AND SCHEDULE IV OF THE SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

(2) ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND OF INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.

WE CONFIRM THAT:

A. THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND/OR HAS TAKEN STEPS TO PROVIDEFOR ADEQUATE SECURITY FOR THE DEBT SECURITIES TO BE ISSUED.

B. THE ISSUER HAS OBTAINED THE PERMISSIONS / CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES).

C. THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSOITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF DEBT SECURITIES.

D. ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM WITHRESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.

E. ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.

F. ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM AND GIVEN AN UNDERTAKING THAT DEBENTURE TRUST DEED WOULD BE EXECUTED BEFOREFILING OF LISTING APPLICATION.

G. ALL DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in **Annexure II A** of the Master Circular titled "Master Circular for Debenture Trustees".

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of the Lead Manager	Website
Bonanza Portfolio Limited	www.bonanzaonline.com

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants pursuant to the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE mentioned above are taken within 6 (six) Working Days from the date of Closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Consents

Consents in writing of: (a) Directors of our Company (b) Company Secretary and Compliance Officer (c) Chief Financial Officer (d) Chief Compliance Officer (e) Statutory Auditors (f) Lead Manager (g) Registrar to the Issue (h) Legal Advisors to the Issue (i) Public Issue Account Bank (j) Refund Bank (k) ICRA Limited, the Credit Rating Agency (l) Debenture Trustee and (m) Bankers to our Company, to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with ROC as required under Section 26 and 31 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Draft Prospectus with the Stock Exchange.

The consent of the Statutory Auditor of our Company, namely, M/s CSK Prabhu & Co, Chartered Accountants, (FRN:002485S) for (a) inclusion of their name as the Statutory Auditor, (b) examination reports of Financial Statements in the form and context in which they appear in the Draft Prospectus and (c) report on the Statement of Tax Benefits available to the Debenture Holders dated 17th January 2024 in the form and context in which it appears in this Draft Prospectus, have been obtained and the same will be filed along with a copy of the Prospectus with the RoC.

Expert opinion

Except the following, our Company has not obtained any expert opinions in connection with the Draft Prospectus:

(i) The Statutory Auditor's examination report on our Financial Statements and
(ii) Statement of Tax Benefits dated January 17, 2024 issued by M/s CSK Prabhu & Co, Chartered Accountants.

Common form of transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof

Filing of Draft Prospectus

A copy of Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website.

Filing of the Prospectus

The Prospectus shall be filed with the RoC in accordance with Section 26 of the Companies Act 2013.

Debenture Redemption Reserve ("DRR")

Pursuant to Section 71 of the Companies Act 2013 read with Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, each as amended, our Company is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

Recovery Expense Fund

Pursuant to the SEBI Master Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 (updated as on July 6, 2023), as amended, the creation of the recovery expense fund shall be in accordance with the aforementioned circular, as may be amended from time to time

Issue related expenses

For details of Issue related expenses, see **"*Objects of the Issue*"** on Page 70.

Reservation

No portion of this Issue has been reserved.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If the Issuer does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight (8) Working Days from the Issue Closing Date or such time as may be specified by SEBI, failing which the Issuer will become liable to refund the Application Amount along with interest at the rate 15% (fifteen per cent) per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with the Issuer and/or Registrar, refunds will be made to the account prescribed. However, where the Issuer and/or Registrar does not have the necessary information for making such refunds, the Issuer and/or Registrar will follow the guidelines prescribed by SEBI in this regard including in the SEBI NCS Master Circular.

Underwriting

This Issue has not been underwritten.

Reservation

No portion of this Issue has been reserved.

Details regarding the public issue during the last three years by our Company and other listed companies under the same managementCommissions and brokerage on previous issues

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last five years. Our Company came out with a public issue of equity shares during 1984 and mobilized ₹ 75 lakh.

Previous Issues of NCDs

1. An amount of ₹ 274.61 lakh was incurred towards lead manager's fees, in connection with the public issue of 1,00,00,000 secured redeemable non-convertible debentures of face value ₹ 100 each issued at par, in terms of the Prospectus dated February 18, 2015, issued under the Debt Regulations (since redeemed)

2. An amount of ₹ 453.47 lakh was incurred towards lead manager's fees, in connection with the public issue of up to 20,00,000 secured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 30, 2016 issued under the Debt Regulations (since redeemed)

3. An amount of ₹ 386.63 lakh was incurred towards lead manager's fees, in connection with the public issue of up to 15,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 28, 2019 issued under the Debt Regulations.

4. An amount of ₹ 385.03 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 20,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 7, 2020 issued under the Debt Regulations.

5. An amount of ₹ 417.92 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 20,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated June 25, 2021 issued under the Debt Regulations.

6. An amount of ₹ 288.63 lakh was incurred towards lead manager's fees, in connection with the public issue of up to 10,00,000 secured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated April 05, 2022 issued under the SEBI NCS Regulations.

7. An amount of ₹ 407.01 lakh was incurred towards lead manager's fees, in connection with the public issue of up to 10,00,000 secured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated April 10, 2023 issued under the SEBI NCS Regulations.

Except as stated above, our Company had not paid any commission and brokerage in respect of any other previous issue.

Details regarding the capital issue during the last three years by our Company and other listed companies under the same management

a) Our Company

Equity Shares

During last three years, our Company has not made any issue of the Equity Shares.

Preference Shares

Our Company has made allotment of Preference Shares on private placement basis during last three years, the details of which are given as under:

Date of Allotment / Redemption	No. of Preference Shares allotted	Face value (₹)	Issue price (₹)	Nature of Consideration
9% Redeemable Cumulative Preference Shares of ₹ 100 each redeemed at the end of three years				
March 1, 2021	8,35,000	100	100	Cash
April 20, 2021	6,65,000	100	100	Cash
December 16, 2023	2,86,750	100	100	Cash
December 30, 2023	5,83,400	100	100	Cash

8.25% Redeemable Cumulative Preference Shares of ₹ 100 each redeemable at the end of three years				
February 13, 2021	3,49,000	100	100	Cash
February 26, 2021	4,86,500	100	100	Cash
March 12, 2021	2,00,500	100	100	Cash
March 31, 2021	1,33,000	100	100	Cash
April 19, 2021	3,31,000	100	100	Cash

b) Other listed company under the same management

The Allotment Committee of Directors of the Sakthi Sugars Limited, at its meeting held on March 25, 2014, has allotted 5,94,05,940 fully paid-up Equity Shares of ₹ 10 each at a price of ₹ 30.30 per share (including a premium of ₹ 20.30 per share) to ABT Limited, a company belonging to its promoters group, on preferential basis against a sum of ₹ 18,000 lakh brought in by the said allottee, in terms of the CDR Scheme approved by the CDR Empowered Group and as approved by the members by a special resolution passed through postal ballot on March 20, 2014. Further, Allotment Committee of Directors of the Sakthi Sugars Limited at its meeting held on June 24, 2016 allotted 2,26,35,757 fully paid up Equity Shares of ₹ 10 each at a price of ₹ 27 per share (including a premium of ₹ 17 per share) to ARCIL Limited, by way of conversion of a portion of loan into equity.

Utilization of issue proceeds of previous Issues by our Company and Group Companies

a) Our Company

Except as disclosed below, our Company has not undertaken any public or rights issue of securities:

Equity Shares

Date of Allotment	Nature of Allotment	Number of Securities allotted	Price per instrument (₹)	Aggregate amount raised (₹ lakh)	Utilisation Details
Upto Nov 15, 1983	Public issue	2,50,000	10	25.00	Hire purchase finance
02.11.1984	Public issue	7,50,000	10	75.00	Hire purchase finance
14.07.1986	Right issue	5,25,000	10	52.50	Hire purchase finance
24.02.1988	Right issue	10,38,320	10	103.83	Hire purchase finance
15.07.1989	Right issue	5,25,000	10	52.50	Hire purchase finance
04.06.1993	Right issue	30,88,320	30	926.50	Hire purchase finance
09.12.1995	Right issue	37,44,681	30	1,123.40	Hire purchase finance
31.10.2001	Preferential allotment	76,50,000	10	765.00	Hire purchase finance
05.12.2003	Preferential allotment	25,00,000	10	250.00	Hire purchase finance
31.01.2008	Right issue	1,00,35,660	10	1,003.57	Hire purchase finance
31.03.2012	Preferential allotment	1,98,93,019	11.10	2,208.13	Hire purchase finance
13.03.2020	Preferential Issue	1,47,05,882	17	2500.00	Hire Purchase finance

Secured and Unsecured redeemable non-convertible debentures

Date of allotment	Nature of Allotment	Number of securities allotted	Price per instrument (₹)	Aggregate amount raised (₹ lakh)	Utilisation Details		
16.05.2019	Public Issue	11,70,000	1,000	11,770.00		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	11,770.00	
					Less: Issue Expense	386.63	
					Net proceeds from the Issue	11,383.37	100
					Utilized for:		
					Redemption of NCDs	8815.27	77.44
					General Corporate Purpose #	2568.10	22.56
08.05.2020	Public Issue	10,28,631	1,000	10,286.31		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	10,286.31	
					Less: Issue Expense	385.03	
					Net proceeds from the Issue	9,901.28	100
					Utilized for:		
					Redemption of NCDs	7,426.08	75.00
					General Corporate Purpose #	2,475.20	25.00
29.07.2021	Public Issue	19,85,365	1,000	19853.65		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	19,853.65	
					Less: Issue Expense	417.92	
					Net proceeds from the Issue	19,435.73	100.00
					Utilized for:		
					For the purpose of on-ward lending, financing and for repayment / prepayment of principal and interest of existing borrowings (including Redemption of NCDs) of the Company	19,435.73	100.00
						(₹ lakh)	**(%)**
29.04.2022	Public Issue	10,00,000	1,000	10,000.00	Gross proceeds from the Issue	10,000.00	
					Less: Issue Expense	288.63	
					Net proceeds from the Issue	9,711.37	100.00
					For the purpose of on-ward lending, financing and for repayment / prepayment of principal and interest of existing borrowings (including Redemption of NCDs) of the Company	9711.37	100.00
					General Corporate purpose	-	-

						(₹ lakh)	(%)
08.05.2023	Public Issue	14,68,604	1,000	14,686.04	Gross proceeds from the Issue	14,686.04	
					Less: Issue Expense	407.01	
					Net proceeds from the Issue	14,279.03	100.00
					For the purpose of on-ward lending, financing and for repayment / prepayment of principal and interest of existing borrowings (including Redemption of NCDs) of the Company	14,279.03	100.00
					General Corporate purpose	-	-

 # The net proceeds raised through public issue has been utilized in the manner stated in the Draft Prospectus.

** The proceeds of the Public Issues dated 01.04.2015, 18.05.2016 and 16.05.2019 are fully redeemed.*

The Company has incurred ₹ 407.01 lakh towards issue expenses against estimated amount of ₹400 lakh as disclosed in the Prospectus dated April 10, 2023.

b) Group Companies

Except as disclosed below, our Group Company has not undertaken any public or rights issue of securities:

Sakthi Sugars Limited

Date of allotment	Nature of Securities	Nature of Allotment	Number of securities Allotted	Price per instrument (₹)	Aggregate amount raised (₹ lakh)	Utilisation Details
02.12.1963	Equity shares	Public Issue	39,896	100.00	39.90	Project Finance
25.07.1972	Equity shares	Rights Issue	210,000	10.00	21.00	Project Finance
30.06.1979	Equity shares	Further Public Issue	400,000	10.00	40.00	For working capital
26.10.1979	Equity shares	Further Public Issue	61,940	10.00	6.19	For working capital
27.05.1981	Equity shares	Further Public Issue	38,060	10.00	3.81	For working capital
15.03.1982	Equity shares	Rights Issue	18,43,180	10.00	184.32	For working capital
31.03.1989	Equity shares	Rights Issue	24,29,320	10.00	242.93	Project Finance
14.12.1992	Equity shares	Rights Issue	43,79,176	45.00	1,970.63	Project Finance and working capital

*Note: In May 1972, 75,000 equity shares of ₹ 100 each were split into 7,50,000 equity shares of ₹ 10 each***.**

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

A. Lending Policy

Please refer to the paragraph **'*Customer Appraisal Process*'** under Chapter titled **'*Our Business*'** at Page No 125.

B. Loans given by the Company

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

Description of our loan portfolio

A. ***Types of loans***

Types of loan given by the Company as on September 30, 2023are as follows:

Sr. No	Type of Loans	Amount(₹ lakh)
1	Secured	1,22,967.16
2	Unsecured	2,054.01
	Total assets under management (AUM)	**1,25,021.17**

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

B. ***Denomination of loans outstanding by LTV as on September 30, 2023***

Sl No	LTV*	Sep-23
		% of AUM
1	Up to 40%	4.55
2	40%-50%	5.41
3	50%-60%	7.49
4	60%-70%	14.97
5	70%-80%	25.14
6	80%-90%	23.74
7	More than 90%	18.70
	Total	**100.00**

**LTV at the time of origination.*

C. ***Denomination of loans outstanding by ticket size as on September 30, 2023***

Sr. No	Ticket size**	(%) of AUM
1	Up to ₹ 2 lakh	2.38
2	₹ 2 lakh to ₹ 5 lakh	21.28
3	₹ 5 lakh to ₹ 10 lakh	42.69
4	₹ 10 lakh to ₹ 25 lakh	32.68
5	₹ 25 lakh to ₹ 50 lakh	0.96
6	₹ 50 lakh to ₹ 1 crore	-
7	₹ 1 crore to ₹ 5 crore	0.01
8	₹ 5 crore to ₹ 25 crore	-
9	₹ 25 crore to ₹ 100 crore	-
10	Above ₹ 100 cores	-
	Total	**100.00**

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

Geographical classification of borrowers as on September 30, 2023

Sr. No	Top Five States	% of AUM
1	Tamil Nadu and Puducherry	80.47
2	Kerala	14.98
3	Karnataka	2.04
4	Andhra Pradesh	2.51
	Total	**100.00**

***Types of loans according to sectoral exposure*, as on *September 30, 2023, is as follows*:**

Segment- wise break up of AUM	% of AUM
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	96.06
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-
Others	3.94
Wholesale	-
Infrastructure	-
Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	**100.00**

Maturity profile of total retail loan portfolio of the Company as on *September 30, 2023 is as follows*:

Segment- wise break-up of AUM	Amount (₹ lakh)
Less than 1 month	6,037.59
1-2 month	5,099.77
2-3 month	5,768.00
3-6 month	14,697.94
6 month -1 year	28,952.75
Above 1 year	64,465.12
Total	**1,25,021.17**

D. ***Details of top 20 borrowers with respect to concentration of advances as on September 30, 2023***

Total Advances to twenty largest borrowers (₹ lakh)	1,658.18
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.35

E. ***Details of top 20 borrowers with respect to concentration of exposures as on September 30, 2023***

Total Exposures to twenty largest borrowers/Customers (₹ lakh)	1,560.15
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers / Customers	1.27

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

Movement of gross NPAs* as on September 30, 2023	Amount (₹ lakh)
(a) Opening balance April 01, 2023	6,997.89
(b) Additions during the period	2,742.25
(c) Reductions during the Period	2,582.34
(d) Closing balance	7,157.80

G. ***Segment-wise gross NPA as on September 30, 2023***

Segment-wise break-up of gross NPAs	(%)
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	95.76
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-

Segment-wise break-up of gross NPAs	(%)
Others	4.24
Wholesale	
Infrastructure	-
Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	**100.00**

H. ***Classification of borrowings as on September 30, 2023***

Sr No	Type of Borrowings	Amount (₹ lakh)	(%)
1	Secured	66,666.15	59.24
2	Unsecured	45,860.73	40.76
	Total	**112,526.88**	**100.00**

**Inclusive of interest.*

I. ***Promoter Shareholding***

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

J. ***Residual maturity profile of assets and liabilities as on September 30, 2023***

(₹ lakh)

As at 30.09.23	Up to 0 - 7 days	Up to 8-14 days	Up to 15 - 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	87.78	158.98	226.70	349.86	292.00	334.43	0.00	994.68	599.63	0.00	3044.06
Advances	2277.90	1065.53	2694.16	5099.77	5768.00	14697.94	28952.75	52524.48	6385.67	170.99	119637.19
Investments	0.00	0.00	0.00	240.01	35.03	210.20	341.27	150.34	0.00	218.33	1195.18
Borrowings	25.36	38.04	427.06	1313.48	5108.91	11026.95	31652.34	38920.44	18023.33	2067.37	108603.28
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Current Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

Issue of securities for consideration other than cash

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

Dividend

Our Company has no stated dividend policy in connection with our Equity Shares. The declaration and payment of dividend on our Equity Shares is recommended by our Board of Directors and approved by our shareholders, at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and

overall financial condition. The dividend payable in connection with the preference shares issued by our Company are subject to the terms and conditions of the issue in connection with such preference shares.

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

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

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

Auditor's remark

The previous statutory auditors of the Company, M/s P. K. Nagarajan & Co, Chartered Accountants, for the years ended as at March 31, 2021, confirmed that there were no reservations or qualifications or adverse remarks in the financial statements of our Company in the above two years. The present statutory auditors of the company, M/s. C.S.K.Prabhu& Co Chartered Accountants, confirmed that there were no reservation or qualification or adverse remarks in the financial Statements of our company for the year ended March 31, 2022 and March 31, 2023. Thus there are no reservations, qualification or adverse remarks in the above three years preceding this Draft Prospectus.

Revaluation of assets during last three years

Our Company has not revalued its assets during the last three years.

Change in Auditors of our Company during the last three years

Pursuant to a resolution passed at the Annual General Meeting held on September 30, 2021, our members have appointed M/s CSK Prabhu & Co, Chartered Accountants (FRN: 002485S), as our statutory auditors for a period of three financial years with effect from April 1, 2021 to March 31, 2024 in place of our previous statutory auditors, M/s. P.K. Nagarajan & Co, Chartered Accountants (FRN:016676S) on expiry of their term in accordance with the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and RBI guidelines for appointment of Statutory Auditors of NBFCs, dated April 27, 2021.

Disclosure of track record of past public issues handled by the Lead Manager to Issue

The details of the track record of Bonanza Portfolio Limited as required by SEBI Circular No. CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on its website.

Undertaking by our Company

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of '***Risk Factors'*** on page 18.

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

The Issuer has no side letter with any debt securities holder. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed

Debentures, redeemable preference shares and other instruments outstanding by our Company

Apart from the below-mentioned outstanding amount, there are no outstanding debentures, subordinated debt, redeemable preference shares or other instruments issued by our Company that are outstanding as at September 30, 2023.

Particulars	(₹ lakh)
Redeemable, Cumulative, Preference Shares (Unlisted)	1,500.00
Listed, secured, redeemable, non-convertible debentures	36,889.56
Unrated, secured, redeemable, non-convertible debentures (Unlisted)	10,301.50
Listed, unsecured, redeemable, non-convertible debentures in the nature of sub-ordinated debt	10,737.97
Subordinated debt (Unlisted)	23,380.60
Total	**82,809.63**

(excluding interest accrued but not due and unclaimed matured deposits and interest due thereon / unamortised charges)

Mechanism for redressal of investor grievances

The Agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue a period of at least three (3) years from the last date of dispatch of the Allotment Advice, dematerialized credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant's name and Client Identification Number and the collection centre of the Members of the Syndicate where the Application was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the Member of the Syndicate and the relevant Designated Branch of the SCSB concerned in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application. All grievances arising out of Applications for the NCDs made through Trading Members may be addressed directly to the BSE.

The contact details of Registrar to the Issue are as follows:
Link Intime India Private Limited
C-101, 247 Park, First Floor
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400083
Tel No: 91 8108114949
Fax No: 91 022 4918 6195
Email:sakthifinance.ncd2023@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email: sakthifinance.ncd2023@linkintime.co.in
Contact person: Ms. Shanti Gopalkrishnan
Compliance Officer: Mr. BN Ramakrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

Sri C Subramaniam, Company Secretary, has been appointed as the Compliance Officer of our Company for this Issue with effect from March 06, 2023. The contact details of Compliance Officer of our Company are as follows:

Sri C Subramaniam
Sakthi Finance Limited
62, Dr. Nanjappa Road, Post Box No. 3745
Coimbatore - 641018, Tamil Nadu
Tel No: +91 (422) 4236238
Email: csubramaniam@sakthifinance.com

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) Business Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of Allotment Advice, credit of Allotted NCDs in beneficiary accounts, refund instruments and interest on the Application Amount.

Disclaimer in respect of Jurisdiction

The Issue is being made in India to Investors as specified under para **"*Issue Procedure - Who Can Apply*"** on page 207 of this Draft Prospectus. The Draft Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus and the Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. The Debentures are governed by and shall be construed in accordance with the existing Indian laws as applicable. Any dispute arising in respect thereof will be subject to the exclusive jurisdiction for the purpose of the Issue is with the competent Courts of Jurisdiction under Section 2(39) of the Companies Act, 2013, being Hon'ble High Court of Madras and appropriate jurisdictional Courts in Coimbatore, India.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V to SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Trading

Debt securities issued by our Company, which are listed on BSE wholesale debt market, are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in the Prospectus issued by our Company in connection with the issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him or any other person in a fictitious name

shall be liable for action under section 447

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act 1961 and applicable local Goods and Services Tax laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act 1948 and the Employees Provident Fund and Miscellaneous Act 1952 and other miscellaneous regulations such as the Trade Marks Act 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. For purposes of this section, references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification are to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended from time to time.

The Reserve Bank of India Act, 1934

Section 45-IC of the RBI Act, defines "financial institution" to mean any non-banking institution which, among other things, carries on the business of, or part of its business of, financing, by way of making of loans or advances or otherwise, of any activity other than its own; the acquisition of shares, stock, bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/purchase/construction of immovable property.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated April 08, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if (a) its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in thebusiness of non-banking financial institution requiring it to hold a certificate of registration.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration ("**CoR**"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NOF**") from ₹ 2.5 million to ₹ 20 million for the NBFC which commences business on or after April 21, 1999. Also it shall be mandatory for all NBFCs to attain a minimum NOF of ₹ 20 million by the end of April 1, 2017. The RBI SBR Framework Master Directions (which supersedes the Master Directions – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and the Master Directions – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) prescribe a minimum NOF of ₹ 20 million for NBFCs, except a minimum NOF of ₹ 100 million for newly incorporated NBFC-ICC, NBFC-MFI and NBFC-Factor, except for NBFC-IFC, and IDF-NBFC, wherein the prescribed minimum NOF is ₹ 3,000 million. For existing NBFCs, the RBI prescribes the following transition path for achieving a minimum NOF of ₹ 100 million:

NBFCs	Current NOF	By March 31, 2025	By March 31, 2027
NBFC-ICC	₹ 20 million	₹ 50 million	₹ 100 million
NBFC-MFI	₹ 50 million (₹ 20 million in north eastern region)	₹ 70 million (₹ 50 million in north eastern region)	₹ 100 million
NBFC-Factor	₹ 50 million	₹ 70 million	₹ 100 million

NBFCs are primarily governed by the RBI Act and the RBI Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines, and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits;
- NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and
- Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs.

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of the aforementioned activities.

Regulations governing NBFCs

NBFCs are primarily governed by the RBI Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Peer to Peer Lending Platform (Reserve Bank) Directions, 2017, Master Direction – Non-Banking Financial Company – Account Aggregator (Reserve Bank) Directions, 2016, and Reserve Bank Commercial Paper Directions, 2017, each as amended, modified and supplemented from time to time. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The major regulations governing our Company are detailed below:

SBR Framework:

On October 22, 2021, RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("**SBR Framework**"), whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

1) NBFC- Base Layer ("**NBFC-BL**");
2) NBFC- Middle Layer ("**NBFC-ML**");
3) NBFC- Upper layer ("**NBFC-UL**"); and
4) NBFC- Top Layer ("**NBFC-TL**")

Pursuant to the SBR Framework, the criteria of asset size of non-deposit NBFCs for classification as non-systemically important has been increased from ₹ 5 billion to ₹ 10 billion ("**NBFC-ND**"). The SBR Framework Master Directions came into effect from October 01, 2022 and was further amended on November 10, 2023 pursuant to which references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be. The RBI SBR Framework Master Directions subsumes the erstwhile Master Direction – Non-Banking Financial Company – Non-Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The NBFC- BL consist of (a) non-deposit taking NBFCs below the asset size of ₹1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("**NBFC-Ds**"), irrespective of asset size, (b) non-deposit takingNBFCs with an asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL consist of those BFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantialincrease in the potential systemic risk from specific NBFC-UL. Such NBFCs shall move to the NBFC-TL.

Categorization of NBFCs carrying out specific activity

As the regulatory structure envisages scale based as well as activity-based regulation under the SBR Framework, the following prescriptions shall apply in respect of the NBFCs:

i) NBFC-P2P, NBFC-AA, NOFHC and NBFCs without public funds and customer interface will always remain in the base layer of the regulatory structure.
ii) NBFC-D, CIC, IFC and HFC will be included in middle layer or the upper layer (and not in the base layer), as the case may be. SPD and IDF-NBFC will always remain in the middle layer.(to be confirmed with RBI SBR circular)
iii) The remaining NBFCs, viz., Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.
iv) Government owned NBFCs shall be placed in the base layer or middle layer, as the case may be, and will not be categorized as upper layer unless notified by the Government.

Master Direction - Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as updated from time to time) applicable to all NBFCs/ (both Deposit taking and Non-Deposit taking)

The NBFCs are governed by updated Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as updated from time to time) applicable to all NBFCs (both Deposit taking and Non-Deposit taking) ("**Master Directions- NBFCs-SBR**").

Rating of NBFCs

Pursuant to Master Directions-NBFCs-SBR, all NBFCs-BL with asset size more than ₹ 1,000 million are required to furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them, within 15 (fifteen) days of such a change in rating to regional office of the RBI under whose jurisdiction the NBFC's registered office is functioning.

Prudential Norms

The Master Directions-NBFCs-SBR, amongst other requirements, prescribe guidelines on NBFCs regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

Capital Adequacy Norms

Every applicable NBFC shall maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15 per cent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of applicable NBFCs (other than NBFC-MFI and NBFC-IDF), at any point of time, shall not be less than 10 per cent.

Internal Capital Adequacy Assessment Process ("ICAAP")

Under the SBR Framework, NBFC-ML and NBFC-UL are required to make a thorough internal assessment of the needfor capital, commensurate with the risks in their business. The internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations dated July 01, 2015). While Pillar 2 capital will not be insisted upon, however, NBFCs are required to make a realistic assessment of risks. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per the NBFCs board approved policy. The objective of

ICAAP is to ensure availability of adequate capital to support all risks in business as also to encourage NBFCs to develop and use better internal risk management techniques for monitoring and managing of the risks. Our company has adopted the policy on ICAAP.

Provisioning Requirements

Every applicable NBFC shall, after taking into account the time lag between an accounts becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided in Chapter IX of the Master Directions-NBFCs-SBR. Nevertheless, NBFC-ML shall make provisions for standard assets at 0.40 per cent of the principal outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet of the NBFC.

Maintenance of liquid assets

Non-deposit taking NBFCs with asset size of ₹ 100 crore and above, Core Investment Companies and all deposit taking NBFCs shall adhere to the guidelines as mentioned herein below. It will be the responsibility of the Board to ensure that the guidelines are adhered to. The internal controls required to be put in place by NBFCs as per these guidelines shall be subject to supervisory review. Further, as a matter of prudence, all other NBFCs are also encouraged to adopt these guidelines on liquidity risk management on voluntary basis. The guidelines deal with following aspects of Liquidity Risk Management framework.

Under the Master Directions (NBFC-SBR), all Non-deposit taking NBFCs with asset size of ₹10,000 lakh and above (as per their lastaudited balance sheet), Core Investment Companies and all deposit taking NBFCs shall adhere to the guidelines on Liquidity Risk Management Framework ("**LRM Framework**") (For details please refer Annexure IV of the Master Directions NBFC-SBR.

The LRM Framework provide that the applicable NBFCs should ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policyshould spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc. The LRM Framework, *inter alia,* deal with: (i) liquidity risk management policy, strategies and practices; (ii) management information system; (iii) internal controls; (iv) maturity profiling; (v) liquidity risk measurement – stock approach; (vi) currency risk; (vii) managing interest rate risk; and (viii) liquidity risk monitoring tools.

The NBFC shall appoint Risk Management Committee ("**RMC**") consisting of chief executive officer ("**CEO**")/ managingdirector ("**MD**") and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by theNBFC including liquidity risk. Further, applicable NBFCs have to constitute asset liability management committee ("**ALCO**") consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC.The CEO/ MD or the Executive Director (ED) should head the Committee. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches. In addition to RMC and ALCO, applicable NBFCs shall constitute asset liability management support group ("**ALM Support Group**"). ALM Support Group consists of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile should be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatchesdepending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, *viz*., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days and 15-30 days shall not exceed 10 per cent on each of the cumulative cash outflows in therespective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets up to 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for

their structural liquidity statement for consolidated operations. Other than the liquidity risk, the applicable NBFC has to monitor and control currency risk and interest rate risk under the terms of LRM Framework.

In addition to the guidelines laid down under LRM Framework, all non-deposit taking systemically important NBFCs with asset size of ₹ 5,00,000 lakh and above (except Core Investment Companies, Type I NBFC-NDs, Non-Operating Financial Holding Companies and Standalone Primary Dealers) and all deposit taking NBFCs irrespective of the asset size shall adhere to the liquidity coverage ratio guidelines ("**LCR Framework**") (for Details Please refer Annexure XXI of the **"Master Directions NBFC-SWR").**

LRM Framework provides that applicable NBFCs shall maintain an adequate level of unencumbered high quality liquid assets (HQLA) that 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 liquidity coverage ratio shall be maintained on an ongoing basis to help monitor and control liquidity risk as per the prescribed timelines in progressive manner, as provided below:

	December 1, 2020	**December 1, 2021**	**December 1, 2022**	**December 1, 2023**	**December 1, 2024**
For NBFCs with asset size of ₹ 10,00,000 lakh and above	50%	60%	70%	85%	100%
For NBFCs with asset size of ₹ 5,00,000 lakh and below ₹ 10,00,000 lakh	30%	50%	60%	85%	100%

Concentration of credit/ investment

The erstwhile credit concentration limits prescribed for NBFCs were separate for lending and investments, however, under the SBR Framework the lending and investments exposure limits have been merged into a single exposure limit of 25 per cent for single borrower/ party and 40 per cent for single group of borrowers/ parties, of the Tier 1 capital of the NBFC.

Corporate Governance Guidelines

The Master Directions prescribed certain corporate governance norms required to be adhered to by applicable NBFCs. The Master Directions, *inter alia*, provide for constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee and certain other norms in connection with disclosure and transparency. Further, applicable NBFCs with an asset size of more than ₹ 50 billion in categories – investment and credit companies, infrastructure finance companies, micro finance institutions, factors and infrastructure debt funds are required to appoint a Chief Risk Officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management. In this regard, NBFCs are required to strictly adhere to the instructions laid down in Chapter XI of the Master Directions. Under the terms of SBR Framework, following additional corporate governance compliances have been stipulated for NBFC-ML and NBFC-UL:

(a) Key Managerial Personnel - Except for directorship in a subsidiary, key managerial personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. However, they can assume directorship in NBFC-BLs.

(b) Independent Director - Within the permissible limits in terms of Companies Act 2013, an independent director shall not be on the board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. There shall be no restriction to directorship on the boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

(c) Disclosures - NBFCs shall, in addition to the existing regulatory disclosures, disclose the following in their annual financial statements, with effect from March 31, 2023:

i) Corporate governance report containing composition and category of directors, shareholding of non-executive directors, etc.
ii) Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and viewsof management on audit qualifications.
iii) Items of income and expenditure of exceptional nature.
iv) Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.
v) Divergence in asset classification and provisioning above a certain threshold to be decided by RBI.

(d) Chief Compliance Officer – In order to ensure an effective compliance culture, it is necessary to have an independent compliance function and a strong compliance risk management framework in NBFCs. NBFCs are, therefore, required to appoint a Chief Compliance Officer ("CCO"), who should be sufficiently senior in the organization hierarchy. NBFCs shall put in place a board approved policy laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization. Our Company has appointed a CCO to comply with this requirement.

(e) Compensation guidelines - In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs shall put in place a board approved compensation policy. The guidelines shall at the minimum include, a) constitution of a remuneration committee, b) principles for fixed/ variable pay structures, and c) malus/ clawback provisions. The nomination and remuneration committee shall ensure that there is no conflict of interest.

(f) Other Governance matters - NBFCs shall comply with the following:

i) The board shall delineate the role of various committees (audit committee, nomination and remuneration committee, risk management committee or any other committee) and lay down a calendar of reviews.
ii) NBFCs shall formulate a whistle blower mechanism for directors and employees to report genuine concerns.
iii) The board shall ensure good corporate governance practices in the subsidiaries of the NBFC.

(g) Core Banking Solution - NBFCs with 10 and more branches are mandated to adopt core banking solution in accordance with a glide path of 3 years with effect from October 01, 2022. Our Company is taking steps in this regard and is apprising RBI about the progress on quarterly basis.

Asset Classification

The Master Directions-NBFCs-SBR require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

(i) Standard assets;
(ii) Sub-standard assets;
(iii) Doubtful assets; and
(iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance. The RBI Master Directions also specifically prohibit NBFCs from lending against its own shares.

An NBFC-ND is required to inform the RBI of any change in the address, telephone numbers, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures ofits authorized signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need toensure that its registration with the RBI remains current.

Net Owned Fund

Section 45-IA of the RBI Act provided that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakh. However, the net owned fund requirement has been incrementally revised by SBR Framework. SBR Framework stipulates that minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1,000 lakh by March 31, 2027 by the systemically important NBFCs with customer interface or public funds. For this purpose, the Master Directions have defined "ownedfund" to mean:

"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.

Reserve Fund

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the statement of profit and loss and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is a ND-NBFC or not. Further, no appropriation can be made from the fund for any purpose by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such appropriation.

Adherence to KYC Direction

Similarly, all NBFCs are required to comply with Master Direction on Know Your Customer Direction, 2016" issued bythe RBI and as amended from time to time, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

Fair Practices Code

The RBI Master Directions requires all NBFCs having customer interface to formulate with the approval of their Boardsa Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the directions outlined therein. Applicable NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the directions but in no way sacrificing the spirit underlying the directions. The same shall be putup on their website, if any, for the information of various stakeholders.

Further, RBI, on September 13, 2023 issued a guidelines note titled "**Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans"** applicable to all NBFCs. As per this guideline, the NBFC shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account and the borrower shall be given the option of collecting the original movable / immovable property documents from branch where the loan account was serviced or any other office of the NBFC where the documents are available, as per her / his preference.

The NBFCs shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs in case of demise of the original borrower/ Joint borrowers. Such procedure shall be displayed on the website of the NBFCs along with other similar policies and procedures for customer information. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹ 5,000 for each day of delay.

As per the guideline, in case of loss/damage to original movable / immovable property documents, either in part or in full, the NBFC shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to the NBFC to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days). The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

The guidelines are applicable to all cases where release of original movable / immovable property documents falls due on or after December 01, 2023.

Regulation of excessive interest charged by NBFCs

As per the Master Direction, the Board of each NBFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

While RBI directly does not regulate the interest rates, it has provided directions for the NBFCs to address the complaints on excessive interest rates levied by them.

As per the Master Direction, Boards of NBFCs shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view by the NBFCs.

With effect from April 01, 2024, all regulated entities (including NBFCs) have been prescribed to adopt the instructions relating to Fair Lending Practice as under:

Penal Charges in Loan Accounts:

(i) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges ***i.e.,*** no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account ;
(ii) The regulated entities shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit;
(iii) The regulated entities shall formulate a board approved policy on penal charges or similar charges on loans, by whatever name called ;
(iv) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category;
(v) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions
(vi) The quantum and reason for penal charges shall be clearly disclosed by the regulated entities to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the regulated entities' website under interest rates and service charges ; and
(vii) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

The regulated entities may carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of this circular, whichever is earlier.

Repossession of vehicles financed by NBFCs

As per the Master Direction, NBFCs must have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding: (i) Notice period before taking possession; (ii) Circumstances under which the notice period can be waived; (iii) The procedure for taking possession of the security; (iv) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property; (v) The procedure for giving repossession to the borrower; and (vi) The procedure for sale/auction of the property.

A copy of such terms and conditions must be made available to the borrower. NBFCs shall invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction/ disbursement of loans, which forms a key component of such contracts/ loan agreements.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI (including Housing Finance Companies), specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated there under is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFCs adopt the same with suitable modifications depending upon theactivity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has further prescribed detailed instructions in relation to, *inter alia*, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the finaljudgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Deliveryof Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further updated on January 9, 2020 with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video based customer identification process as a consent based alternate method of establishing the customer's identity, for customer onboarding.

The Master direction was last updated on October 17, 2023 which includes proviso for providing necessary action by the RBI, including application of additional measures to be taken by the NBFCs to manage the ML/TF risks. Other amendments include definition of control for NBFC partnership firms, politically exposed persons, clarity on appointment of Principal Officer, amplification of the scope of Customer Due Diligence/ on-going Due Diligence, alignment of KYC Norms with updated proviso of PML Act and Rules.

The Mater Direction has included a special section for dealing with money laundering and Terrorist Financing Risk Assessments by the NBFCs. The stipulations of the Master direction in this regard are as under:

(a) NBFCs shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, NBFCs shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with NBFCs from time to time.

(b) The risk assessment by the NBFC shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the NBFC. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of the Board of the NBFC to which power in this regard has been delegated, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

(c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated and should be available to competent authorities and self-regulating bodies.

NBFCs shall apply a Risk Based Approach (RBA) for mitigation and management of the risks (identified on their own or through national risk assessment) and should have Board approved policies, controls and procedures in this regard. NBFCs shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, NBFCs shall monitor the implementation of the controls and enhance them if necessary.

Financing of NBFCs by banks

RBI Master circular RBI/2023-24/09 DOR.CRE.REC.No.07/21.04.172/2023-24 on Financing of NBFCs by bank

The RBI has issued guidelines vide a circular bearing number RBI/2023-24/09 DOR.CRE.REC.No.07/21.04.172/2023-24 dated April 03, 2023 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies, entities;(v) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above, the RBI has issued guidelines vide a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015- 16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceilingmay go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Further, the RBI has also issued a notification DOR. DOR.STR.REC.57/21.06.001/2023-24 dated November 16, 2023 indicating regulatory measures on consumer credit and bank credit to NBFCs. As per this notification, the exposure of NBFCs to consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125% as against 100% as of now and the exposure to credit card receivables of NBFCs would attract 125% risk weight as against 100% hitherto.

The exposures of Scheduled Commercial Banks to NBFCs, excluding core investment companies, are presently risk weighted as per the ratings assigned by accredited external credit assessment institutions (ECAI). As per the above notification, it has been decided to increase the risk weights on such exposures by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector in terms of the extant instructions shall be excluded.

Supervisory Framework

In order to ensure adherence to the regulatory framework by all NBFCs, as per the Master Direction (NBFC-SBR), the RBI has directed such NBFCs to put in place a system for Disclosures in Financial Statements as at the end of March every year, in a prescribed format (For details- refer Annexure VII of the Master Direction NBFC-SWR.) In addition to the auditor's reportunder Section 143 of the Companies Act, 2013, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor thecompany has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavorable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the Regional Office concerned, of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the Registered Office of the company is located.

Our Company is in compliance with extant RBI requirements.

Information with respect to change of address, directors, auditors, etc. to be submitted

An NBFC -ML is required to inform the RBI, not later than one month from the occurrence of any change in:

i) the complete postal address, telephone number/s and fax number/s of the registered/corporate office;
ii) the names and residential addresses of the directors of the company;
iii) the names and the official designations of its principal officers;
iv) the names and office address of the auditors of the company; and
v) the specimen signatures of the officers authorized to sign on behalf of the company to the Regional Office of the Department of Supervision of RBI under whose jurisdiction NBFC is registered.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakh.

Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, whichwill permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so asto provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data areto be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering ("**AML"**) / Combating of Financing of Terrorism ("**CFT**") – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015, as amended from time to time.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-MLs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reportingof fraud cases to the RBI. An NBFC-MLs is required to report all cases of fraud of ₹ 0.1 million and above,

and if the fraud is of ₹ 1 million or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-MLs shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Accounting Standards and Accounting policies

The Ministry of Corporate Affairs has amended the existing Indian Accounting Standards vide Companies (Indian Accounting Standards) (Amendment) Rules, 2021 and it is applicable to the Company from April 1, 2021. RBI vide notification number RBI/2019-20/170DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 formulated regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from Fiscal 2020 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation. The guidelines cover aspects on governance framework, prudential floor and computation of regulatorycapital and regulatory ratios.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above,not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to thereby.

Ombudsman scheme for customers of NBFCs

The RBI has on November 12, 2021 introduced the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the "**Scheme**"). The Scheme integrates three ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme forDigital Transactions, 2019. The Scheme makes 'deficiency in services' as ground for filing complaints with certain exceptions. The responsibility of representing the NBFC and furnishing information in respect of complaints filed by customers against the NBFC would be that of the principal nodal officer in the rank of a general manager or equivalent.The NBFC will not have the right to appeal in cases where an award is issued by the ombudsman against it on account of non-response or non-furnishing of information sought within stipulated time. A complaint may be lodged online through the portal designed for the purpose (https://cms.rbi.org.in). The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre as notified by the RBI. The ombudsman is entitled to call for certified copy of documents from the NBFC and the ombudsman is required to maintain confidentiality in relation to the same. The proceedings before the ombudsman shall be summary in nature. The Ombudsman's award shall contain, inter alia, the direction, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC- ND-SI, the auditor shall make a separate report to the Board of Directors of the company on, *inter alia,* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions("**MFI**").

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

The circular puts in place regulations for ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities.

Reserve Bank of India Circular dated February 03, 2021 on Risk Based Internal Audit for NBFC-D

As per circular bearing reference Ref. No. DoS. CO. PPG/ SEC.05/11.01.005/ 2020-21 dated February 03, 2021, RBI has mandated the Risk Based Internal Audit Framework ("RBIAF") for all Deposit-taking NBFCs, irrespective of the size, before March 31, 2022. Being a deposit-taking NBFC, our company has taken steps to comply with the RBI circular within the time frame and our Board of Directors have been apprised of the RBI circular and proposal for putting in place the RBIAF, within the time lines indicated by RBI.(continued compliance to be checked)

Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, statement of profit and loss, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding, *inter alia*, asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits ("**CRILC**") on a quarterly basis as well as all Special Mention Account ("**SMA-2**") status on a weekly basis to facilitateearly recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023

The above direction issued on November 7, 2023 is, *inter-alia*, applicable to all NBFCS in the TL, UL and ML categories. The key focus areas of IT Governance shall include strategic alignment, risk management, resource management, performance management and Business Continuity/ Disaster Recovery Management. The NBFCs shall put in place a robust IT Governance Framework based on the aforementioned focus areas that inter alia:

i) specifies the governance structure and processes necessary to meet the RE's business/ strategic objectives;
ii) specifies the roles (including authority) and responsibilities of the Board of Directors (Board) / Board level Committee and Senior Management; and
iii) includes adequate oversight mechanisms to ensure accountability and mitigation of IT and cyber/ information security risks.

The strategies and policies related to IT, Information Assets, Business Continuity, Information Security, and Cyber Security (including Incident Response and Recovery Management / Cyber Crisis Management) shall be approved by the Board of Directors. The company shall constitute "IT strategy Committee of the Board" which shall be chaired by an Independent Director. The committee shall meet once in a quarter review the policies at least on an annual basis.

The Direction provides guidance for IT Services management, third party vendor arrangements w.r.t. to Information technology/ Cyber Security. Data migration control, business continuity and Disaster Recovery Management practices etc.

The Enforcement of the Direction is applicable from April 01, 2024. Our Company is taking steps to adhere to the master direction by the stipulated date.

Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023.

The above Master Direction was issued by RBI on April 10, 2023 and has been made applicable from October 1,2023.

An NBFC intending to outsource any of its IT activities shall put in place a comprehensive Board approved IT outsourcing policy. The policy shall incorporate, inter alia, the roles and responsibilities of the Board, Committees of the Board (if any) and Senior Management, IT function, business function as well as oversight and assurance functions in respect of outsourcing of IT services. It shall further cover the criteria for selection of such activities as well as service providers, parameters for defining material outsourcing based on the broad criteria, delegation of authority depending on risk and materiality, disaster recovery and business continuity plans, systems to monitor and

review the operations of these activities and termination processes and exit strategies, including business continuity in the event of a third-party service provider exiting the outsourcing arrangement.

The Direction details the role of the Board and Senior Management on the Outsourcing of IT Services. Due diligence on service providers, Outsourcing agreements, risk management aspects of Outsourcing of IT services, monitoring and control of Outsourced IT services, Cross border outsourcing, outsourcing within the group and exit strategy.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("**Risk Management Directions**"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment ofthe Debts Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures forrecovery of debt have been simplified and timeframes have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of thedefendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movableor immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

RBI Master Circular on Wilful Defaulters dated July 1, 2015

In the Master Circular on '*Wilful Defaulters*' the term 'wilful default' has been redefined, which would be deemed to have occurred if any of the following events occur: (a) Default in repayment obligations despite having capacity to honourthe said obligations. (b) Default in repayment obligations and diversion of funds for other purposes, including non-utilization of funds for the specific purposes for which finance was availed. (c) Default in repayment obligations and siphoning off the funds and non-utilization of funds for the specific purposes for which finance was availed moreover when the funds are not available with the unit in the form of other assets. (d) Default in repayment obligations to a lender and disposal or removal of assets (movable, fixed or immovable) which have been given as security without the knowledge of the lender. Further, special emphasis has been added on siphoning-off of funds. Diversion and siphoning of funds includes the following situations: (i) utilization of short-term working capital funds for long-term purposes in contravention of the terms of sanction; (ii) utilization of borrowed funds for creation of assets other than those for whichloan was sanctioned; (iii) Transferring of funds to subsidiaries or group companies or other corporates; (iv) routing of funds through any bank other than the lender bank or consortium without prior permission of the lender; (v) investment in other companies by acquiring equities / debt instrument without the approval of lenders; (vi) shortfall in deployment of funds *vis-à-vis* the amounts disbursed / drawn without the difference being accounted for. After identification of Wilful Defaulters, the guidelines mandatorily direct the lenders to adopt certain penal measures, which include the following:

(a) No additional facilities will be granted by banks and financial institutions. (b) Promoters of companies that have been identified for siphoning off funds, misrepresentation of accounts and fraudulent transactions will be debarred from institutional finance for floating new ventures for a period of five years (c) Legal process (criminal and civil) will be initiated expeditiously. (d) Wilful defaulters will not be allowed to take up board positions in any company and those who are on board will be removed expeditiously.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions.The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assetsto asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non Performing Asset ("**NPA**"). While takingrecourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI (Amendment) Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified bya bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or ReconstructionCompany from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines formulated by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower bychange in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of thebusiness of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any Securitization company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on paymentof such fee or charges as may be mutually agreed between the parties. Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016. As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting, *inter alia,*any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its propertyincluding any action under the SARFAESI Act.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets wherebyprescribing the regulatory approach for resolution of stressed assets, *inter alia*, by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A,SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) requiring the Mandatory signing of an Inter-Creditor Agreement (**"ICA"**) by all lenders, which will provide for a majority decision makingcriteria.

MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("**FSP Rules**"), *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible forthe FSPs and their creditors with some procedural differences.

RBI Circular No. 2021-22/139 DoS.CO.PPG.SEC.7/11.01.005/2021-22 dated December 14, 2021-Prompt Corrective Action ("PCA") Framework for Non-Banking Financial Companies ("NBFCs")

NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system. Accordingly, RBI has decided to put in place a PCA Framework for NBFCs to further strengthen the supervisory tools applicable to NBFCs and accordingly issued the above circular dated December 14, 2021. The PCA Framework for NBFCs, comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. The salient features of the directions are as under:

Coverage and applicability

Scale based

A. The PCA Framework is applicable to the following category of NBFCs: a. All Deposit Taking NBFCs [Excluding Government Companies] (NBFCs-D) and b. All Non-Deposit Taking NBFCs in Middle, Upper and Top three Layers (NBFCs-ND); [Including Investment and Credit Companies, Core Investment Companies (CICs), Infrastructure Debt Funds, Infrastructure Finance Companies, Micro Finance Institutions and Factors]; but [Excluding – (i) NBFCs not accepting/not intending to accept public funds; (ii) Government Companies, (iii) Primary Dealers and (iv) Housing Finance Companies]

B. For NBFCs-D and NBFCs-ND, Capital and Asset Quality would be the key areas for monitoring in PCA Framework. For CICs, Capital, Leverage and Asset Quality would be the key areas for monitoring in PCA Framework.

C. For NBFCs-D and NBFCs-ND, indicators to be tracked would be Capital to Risk Weighted Assets Ratio (CRAR), Tier I Capital Ratio and Net NPA Ratio (NNPA). For CICs, indicators to be tracked would be Adjusted Net Worth/Aggregate Risk Weighted Assets, Leverage Ratio and NNPA.

D. A NBFC will generally be placed under PCA Framework based on the audited Annual Financial Results and/or the Supervisory Assessment made by the RBI. However, the RBI may impose PCA on any NBFC during the course of a year (including migration from one threshold to another) in case the circumstances so warrant.

E. The Reserve Bank may issue a press release when a NBFC is placed under PCA as well as when PCA is withdrawn vis-à-vis a NBFC.

F. The breach of risk threshold categorized as 1, 2, and 3 levels as per details as under would result in invocation of PCA. (For NBFCs-D and NBFCs-ND (excluding CICs) which is applicable for our Company):

Indicator	Risk Threshold-1	Risk Threshold-2	Risk Threshold-3
CRAR	CRAR<15%but≥12%	CRAR<12%but≥9%	CRAR<9%
Tier I Capital Ratio	CRAR <10%but≥8%	CRAR<8%but≥6%]	CRAR<6%]
NNPA Ratio (including NPIs)	>6% but≤9%	>9% but≤12%	>12%

Exit from PCA and Withdrawal of Restrictions under PCA:

Once an NBFC is placed under PCA, taking the NBFC out of PCA Framework and/or withdrawal of restrictions imposed under the PCA Framework will be considered:

a. if no breaches in risk thresholds in any of the parameters are observed as per four continuous quarterly financial statements, one of which should be Annual Audited Financial Statement (subject to assessment by RBI); and

b. based on Supervisory comfort of the RBI, including an assessment on sustainability of profitability of the NBFC.

As per this circular RBI has envisaged two-fold corrective actions viz. (a) Mandatory and (b) Discretionary. Under mandatory corrective action RBI has proposed corrective actions depending on the threshold levels. These include restrictive covenant on dividend, infusion of additional equity by the promoters, restriction on branch expansion, restrictions on capital expenditure and restrictions/ reduction in variable operating costs.

The discretionary corrective action envisages special supervisory action (may lead to cancellation of the CoR and winding up of NBFC as a last resort); strategy related corrective action (including recovery measures, business re-engineering process); governance related action (including change of Board of Directors, appointment of administrators and invoking claw back and malus Clauses and other actions); capital related actions; restriction on investment in subsidiaries and group companies, monitoring investment in risk weighted assets etc); credit risk related actions (plans for reduction of NPAs, action for containing generation of fresh NPAs etc) market related actions (restrictions on market related borrowing, restrictions on ALM mis-match etc); HR related actions (restriction of staff compensation and review of specialized training needs) Profitability related actions (restriction on capital expenditure and variable operating costs) operations related actions (restriction on - branch expansion, new business activities, reduction-in leverages and risky assets) and Any other specific action that the RBI may deem fit considering specific circumstances of the NBFC.

(a) Reserve Bank Commercial Paper Directions 2017 ("Commercial Paper Directions")

The Commercial Paper Directions regulate the issue of commercial papers. Commercial papers may be issued by companies including NBFCs, provided that any fund-based facility they have availed from banks or financial institutions are classified as standard assets by all banks and financial institutions at the time of their issue. The Commercial Paper Directions determine the form, mode of issuance, rating and documentation procedures for the issue of commercial papers. In terms of the Commercial Paper Directions, commercial papers are issued as promissory notes and are to be held in dematerialized form. They are issued at a discount to face value, in a minimum denomination of ₹ 5 lacs or multiples thereof. Issuers, whose total commercial paper issuance in a calendar year is ₹ 1,000 crore or more, must also obtain a credit rating for their commercial papers from at least two credit rating agencies and adopt the lower of these ratings. The minimum rating for a commercial paper shall be 'A3'. The directions further provide for secondary market trading in commercial papers, buyback of commercial papers and the obligations of the issuer, the issuing and paying agent and credit rating agencies in the issue of commercial papers.

(b) Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019

Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 sets out a framework to ensure that there is an early recognition, reporting and time bound resolution of stressed assets. The Stressed Assets Directions apply to (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit Taking Non-Banking Financial Companies (NBFC-ND-SI) and NBFC-Ds. In the event of a default, the said lenders shall recognize the stress in the loan accounts and classify these loan accounts into three categories namely: (i) SMA-0, where the principal and/or interest, whether partly or wholly is overdue between 1-30 days; (ii) SMA-1, where the principal and/or interest, whether partly or wholly is overdue between 31-60 days; and (iii) SMA-2, where the principal and/or interest whether partly or wholly is overdue between 61-90 days. The said lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (**"CRILC"**), on all borrowers having aggregate exposure of ₹ 500 lacs and above with them. Once a borrower is reported to be in default by any of the lenders mentioned at (a), (b) and (c) hereinabove, the lenders shall undertake a *prima facie* review of the borrower account within thirty days from such default **("Review Period")** to *inter alia* decide on a resolution strategy, including nature of the Resolution Plan **("RP")**.

During the Review Period for the implementation of an RP, all lenders shall enter into an inter-creditor agreement, which shall among other things provide that any decision agreed by lenders representing 75 percent by value of total outstanding credit facilities (fund based as well non-fund based) and 60 percent of lenders by number shall be binding upon all the lenders. In particular, the RPs shall provide for payment not less than the liquidation value due to the dissenting lenders, being the estimated realisable value of the assets of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period.

RBI has issued a circular dated June 06, 2023 on **'Framework for Compromise Settlements and Technical Write-offs' which is applicable for all NBFCs.**

As per this circular, the NBFC shall put in place a board approved policy for undertaking compromise settlements with the borrowers as well as for technical write-offs which shall comprehensively lay down the process to be followed for all compromise settlements and technical write-offs, with specific guidance on the necessary conditions precedent such as minimum ageing, deterioration in collateral value etc. The policies shall

also put in place a graded framework for examination of staff accountability in such cases with reasonable thresholds and timelines as may be decided by the Board.

As per this circular, the NBFC may undertake compromise settlements or technical write-offs in respect of accounts categorised as wilful defaulters or fraud without prejudice to the criminal proceeding underway against such debtors.

Guidelines on Digital Lending

RBI on September 2, 2022 issued guidelines on Digital Lending in lines with recommendations of the Working Group Committee on Digital Lending vide RBI/2022-23/111DOR.CRE.REC.66/21.07.001/2022-23. The Reserve Bank of India (RBI) has issued guidelines to all lenders including banks and NBFCs to protect the data of borrowers using digital lending apps from being misused.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post- dated cheques and gradual phase-out of cheques in their day-to-day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

(c) SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("SEBI NCS Regulations")

The Securities and Exchange Board of India, on August 09, 2021, notified the SEBI NCS Regulations, thereby merging the SEBI (Issue and Listing of Debt Securities) Regulations (**"SEBI Debt Regulations"**) and the SEBI (Non-Convertible Redeemable Preference Shares) Regulations, 2013 (**"NCRPS Regulations"**) into a single regulation. The proposal to merge the two regulations was first introduced by way of a consultation paper released on May 19, 2021, which sought to align the extant regulations with the provisions of the Companies Act 2013 and incorporate the enhanced obligations of debenture trustees, informal guidances and provisions of circulars issued by SEBI. The SEBI NCS Regulations came in to force from the seventh day of their notification in the gazette, i.e. from August 16, 2021. The SEBI Debt Regulations and the NCRPS Regulations stand repealed from this date. The SEBI NCS Regulations have aligned the extant regulations with the provisions of the Companies Act 2013, and incorporate the enhanced obligations of debenture trustees, informal guidance and provisions of circulars issued by SEBI. The SEBI NCS Regulations apply to: (i) the issuance and listing of debt securities and non-convertible redeemable preference shares (NCRPS) by an issuer by way of public issuance; (ii) issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and (iii) listing of commercial paper issued by an issuer in compliance with the guidelines framed by the RBI.

In addition to collating the existing provisions of the erstwhile regulations, the SEBI NCS Regulations, also provide for, change in disclosure requirements for financial and other information from past five years to three years; parameters for identification of risk factors; removal of restriction of four issuances in a year through a single shelf prospectus; and filing of shelf prospectus post curing of defaults.

(d) SEBI Master Circular for issue and listing of Non-Convertible Securities (NCS), Securitized Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) on July 07, 2023 ("SEBI Master Circular")

Following the SEBI's notification of the SEBI NCS Regulations, to merge the SEBI Debt Regulations and the NCRPS Regulations into a single regulation, SEBI has issued the SEBI Master Circular. Since the notification of the SEBI Debt Regulations and the NCRPS Regulations, SEBI had issued multiple circulars covering the procedural and operational aspects of the substantive law in these regulations. Therefore, the process of merging these regulations into the SEBI NCS Regulations also entails consolidation of the related existing circulars into a single SEBI Master Circular, in alignment with the NCS Regulations. The stipulations contained in such Circulars have been detailed chapter-wise in the SEBI Master Circular. Accordingly, the circulars listed at Annex-1 of the SEBI Master Circular, stand superseded by the SEBI Master Circular.

Tax legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, the Interstate Goods and Services Tax Act, 2017, various state goods and services tax legislations, the Income Tax

Act, the Income Tax Rules, local body taxes in respective states and various applicable GST notifications and circulars.

Electricity Sector Regulations

Our Company also generates power from windmills and sells it to Tamil Nadu Electricity Board and Gujarat Urja Vikas Nigam Limited. The following laws and regulatory requirements are applicable to our Company.

1. ***The Ministry of New and Renewable Energy ("MNRE") regulations***

The MNRE is the Central Government ministry with the mandate for formulating schemes and policies for the research, development, guidance and deployment of renewable energy systems / devices for various applications in rural, urban, industrial and commercial sector. The MNRE has issued a number of guidelines and schemes on power generation through renewable sources, including a 'Special Programme on Small Wind Energy and Hybrid Systems'. In order to ensure quality of wind farm projects and equipment, the MNRE introduced the "Revised Guidelines for wind power projects" ("**MNRE Guidelines**") on June 13, 1996 for the benefit of state electricity boards, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated and issued. The MNRE Guidelines among other things makes provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines lay down guidelines for the planned development and implementation of wind power projects.

The MNRE Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either the Centre of Wind Energy Technology, Chennai or the International certification agency). Further, all installations are to be carried out only on sites that are approved for wind power projects by the MNRE. The MNRE Guidelines stipulate that a no objection certificate will be issued only after analysing the wind data to ensure adequate availability of wind at the specific site. Also, no approval will be granted for a wind power project which involves the installation of used wind turbines imported into India.

2. ***The Indian Renewable Energy Development Agency Limited ("IREDA")***

The IREDA is a public limited government company under the administrative control of the MNRE and in engaged in encouraging the production of energy through renewable sources. In this respect, the IREDA offers financial support to specific projects and schemes for generating electricity and promotes the energy conservation through by improving the efficiency of systems, processes and resources engaged in energy production and distribution. In particular, the IREDA offers scheme and incentives for the promotion of wind based energy production.

3. ***Electricity Act 2003***

Under the Electricity Act 2003, which repealed all the earlier enactments pertaining to this sector, the activity of generation of wind power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The government has also announced draft National Electricity Policy in 2021 to guide the development of the electricity sector in India including promotion of clean and sustainable generation of electricity and development of efficient energy market.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

Further, the Electricity Act 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

4. *Electricity Regulatory Commissions*

Electricity Act, 2003 retains the two-level regulatory system for the power sector. At the Central Level, the Central Electricity Regulatory Commission ("**CERC**") is responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one States, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions ("**SERCs**") on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, 2005, Tariff Policy, 2006 and the National Electricity Plan while discharging their functions under Electricity Act, 2003. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licenses, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

The CERC has recently notified the CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations on January 14, 2010 for the promotion of power generation through renewable sources of energy. In this respect, these regulations contemplate two categories of certificates, solar and non-solar certificate. The CERC has designated the National Load Dispatch Center to issue registration certificates and undertakes to provide for the floor price (minimum) and forbearance price (maximum) for non-solar certificates.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of servicesand safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others. We will have to comply with the Code of Wages, 2019, Industrial Relations Code, 2020, Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 once such enactmentsare implemented.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLES OF ASSOCIATION*

OF

SAKTHI FINANCE LIMITED

(Incorporated under the Companies Act 1913)

INTRODUCTION

1 The regulations contained in the Table Marked 'F' of Schedule I to the Companies Act 2013 shall apply to the Company.

2 The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act 2013, be such as contained in these Articles. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meanings as in the Act or the Rules or any statutory modifications thereof in force at the date which these regulations become binding on the Company and its members. In these Articles, unless there be something in the subject or context inconsistent therewith or unless the context otherwise requires:

a. "Act" means the Companies Act 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable;
b. "Articles" means these Articles of Association of the Company or as altered from time to time;
c. "Board of Directors" or "Board", means the collective body of the directors for the time being of the Company;
d. "Company" means "SAKTHI FINANCE LIMITED";
e. "Office" means the Registered Office for the time being of the company;
f. "Rules" means any rule made pursuant to Section 469 of the Act or such other provisions pursuant to which the Central Government is empowered to make Rules, and shall include such Rules as may be amended from time to time.
g. "Seal" means the common seal of the Company;
h. Words importing the singular number include, where the context admits or requires, the plural number and *vice versa;*
i. Words importing the masculine gender include, where the context admits or requires include feminine gender; and
j. Words importing persons shall where the context requires include corporate bodies and companies as well as individuals.

SHARE CAPITAL AND VARIATION OF RIGHTS

3 The Authorized Share Capital of the Company is ₹ 130,00,00,000 (Rupees One Hundred and Thirty crore only) divided into 10,00,00,000 Equity Shares of ₹10 (Rupees Ten) each and 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 (Rupees One Hundred) each, with power to increase, reduce, re-classify, consolidate, sub-divide or otherwise dealt with in accordance with the Articles of Association of the Company and the provisions of the Companies Act 2013 and the Rules made thereunder and other statutory/ regulatory requirements as may be applicable from time to time.

4 Subject to the provision of the Act and these Articles, the shares in the Capital of the Company shall be under the control or discretion of the Board who may issue, allot or otherwise dispose of the shares or any of them to such persons or persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

*New set of Articles of Association was adopted at the Annual General Meeting of the Company held on 21st September 2023

5 Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash and if so issued, shall be deemed to be fully paid-up shares, as the case may be.

6 The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

i Equity share capital:
   a. with voting rights; and/or
   b. with differential rights as to dividend, voting or otherwise in accordance with the Rules; and

ii Preference Share Capital

7 a. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission of one or more certificate/s for all his shares without payment of any charges.

b. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

c. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate therefor, and delivery of a certificate for a share to the first named of the several joint holders shall be sufficient delivery to all such holders.

d. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities, re-materialize its existing shares, debentures and other securities held in a Depository and/or offer further shares, debentures and other securities in dematerialized form pursuant to Depositories Act, 1996 and Rules framed there under.

e. Notwithstanding anything contained elsewhere in these Articles, where any shares/other securities of the Company are either issued or held in dematerialized form, the rights and obligations of all parties concerned and all matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996 and/or by the provisions of any other applicable law in force from time to time.

8 A person subscribing to shares offered by the Company shall hold the shares in a dematerialized form with a depository and the company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.

9 If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof free of charge, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given on payment such fees for each certificate as may be fixed by the Board.

10 The provisions of the forgoing Articles relating to issue of certificates shall *mutatis mutandis* apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.

11 a. The company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and Rules.

b. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules.

c. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

12 a. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

b. To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.

13 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

14 Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

15 a. The Board or the company, as the case may be, may ,in accordance with the Act and the Rules, issue further share to -

i persons who, at the date of offer, are holders of equity share of the company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
ii employees under any scheme of employees' stock option; or
iii any persons, whether or not those persons include the persons referred to in clause (i) or clause (ii) above if it is authorised by a Special Resolution.

b. Further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

LIEN

16 a. The Company shall have a first and paramount lien –

i On every share (not being fully paid up share), for all moneys (whether presently payables or not) called, or payable at a fixed time in respect of that share; and
ii On all shares (not being fully paid up shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company.
iii Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provision of this clause.

b. The Company's lien, if any, on any share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the company.
c. Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.
d. The fully paid-up shares will be free from lien.
e. While in the case of partly paid shares, the company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares.

17 The company may sell, in such manner as it thinks fit, any shares on which the company has a lien:
Provided that no sale shall be made-

a. unless a sum in respect of which the lien exists is presently payable:
b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

18 a. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
b. The purchaser shall be registered as the holder of the shares comprised in any such transfer.
c. The receipt of the company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
d. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

19 a. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
b. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

20 In exercising its lien, the company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The company's lien shall prevail notwithstanding that it has received notice of any such claim.

21 The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the company.

CALLS ON SHARES

22 a. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times
   b. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
   c. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate any circumstances.
   d. A call may be revoked or postponed at the discretion of the board.
   e. The option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting.

23 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

24 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

25 a. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.
   b. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

26 a. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
   b. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

27 The Board:
   a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
   b. upon all or any of the money so advanced, may (until the same would but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

28 If by conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installment, then every such installment shall, when due, be paid to the company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

29 The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the company.

TRANSFER OF SHARES

30 a. The Company shall use a common form of transfer.
   b. The instrument of transfer of any share in the company shall be duly executed by or on behalf both the transferor and transferee.

c. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

31 The Board may, subject to the right of appeal conferred by the Act, decline to register:
a. the transfer of shares, not being a fully paid shares, to a person of whom they do not approve; or
b. any transfer of shares on which the company has a lien.

32 In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless:
a. the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
b. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
c. the instrument of transfer is in respect of only one class of shares.

33 On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such time and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year.

34 The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the company.

TRANSMISSION OF SHARES

35 a. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.
b. Nothing in clause (a) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

36 a. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—
i. to be registered himself as holder of the share; or
ii. to make such transfer of the share as the deceased or insolvent member could have made.
b. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
c. The company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.

37 a. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
b. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
c. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

38 A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

39 The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the company.

JOINT HOLDERS

40 Where two or more persons are registered as joint-holders (not more than three) of any shares, they shall be deemed (so far as the company is concerned) to hold the same as joint tenants with benefit of survivorship, subject to the following and other provisions contained in these Articles:

a. The joint-holders of any shares shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such shares;

b. On the death of anyone or more such joint-holders, the survivor or survivors shall be the only person(s) recognised by the Company as having any title to the share, but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person;

c. Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.

d. Only the person whose name stands first in the Register of members as one of the joint-holders of any share shall be entitled to the delivery of the certificate, if any, relating to such shares or to receive notice (when term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.

e. i. Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by any attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares.

ii. Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.

f. The provisions of these Articles relating to joint holders of share shall mutatis mutandis apply to any other securities including debentures of the company registered in joint names.

FORFEITURE OF SHARES

41 If a member fails to pay any call or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter, during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the company by reason of non-payment.

42 The notice aforesaid shall:

a. name a further day (not being less than expiry of fourteen days from the date of service of the notice) on or before which payment required by the notice is to be made; and

b. state that in the event of non-payment on or before the day so named, the shares in respect of which call was made shall be liable to be forfeited.

43 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

44 Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

45 When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of member, but no

forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or to make such entry as aforesaid.

46 The forfeiture of a share shall involve the extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.

47 a. Forfeited shares shall deemed to be the property of the Company and shall be re-alloted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board may thinks fit.
b. At any time, before a sale or re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

48 a. A person whose shares have been forfeited shall cease to be member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
b. The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

49 a. A duly verified declaration in writing that the declarent is a Director, Secretary or Manager of the Company, and that a shares in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
b. The Company may receive consideration, if any, given for the shares on any sale or re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
c. The transferee shall thereupon be registered as the holder of share and;
d. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

50 Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.

51 Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

52 The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

53 The provisions of these Articles relating to forfeiture of shares hall mutatis mutandis apply to any other securities including debentures of the company.

ALTERATION OF CAPITAL

54 Subject to the provisions of the Act, the Company may, by ordinary resolution:
a. increase the share capital by such sum, to be divided into shares of such amount, as it thinks expedient;
b. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
c. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
d. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
e. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

55 Where shares are converted into stock;

a. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

b. the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

c. such of these Articles of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders"/ "member" shall include "stock" and "stock-holder" respectively.

56 The company may, as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and Rules,-

a. its share capital; and/or
b. any capital redemption reserve account; and/or
c. any share premium account; and/or
d. any other reserve in the nature of share capital.

CAPITALISATION OF PROFITS

57 a. The company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve-

i that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

ii that such sum be accordingly set free for distribution in the manner specified in clause (s) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

b. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iv) below, either in or towards:

i paying up any amounts for the time being unpaid on any shares held by such members respectively;

ii paying up in full, un-issued shares or other securities of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

iii partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B)

iv A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purpose of this Article, be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares;

v The Board shall give effect to the resolution passed by the company in pursuance of this Articles.

58 a. Whenever such a resolution as aforesaid shall have been passed, the Board shall –

i make all appropriations and applications of the amounts resolved to be capitalized thereby, and all allotments and issued of fully paid shares or other securities, if any; and

ii Generally do all acts and things required to give effect thereto.

b. The Board shall have power –

i to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and

ii to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares.

c. Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

59 Subject to all applicable provisions of the Act and Rules made there under and any other applicable laws for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

60 All general meetings other than annual general meeting shall be called extraordinary general meeting.

61 The Board may, whenever it thinks fit, call an extraordinary general meeting.

PROCEEDINGS AT GENERAL MEETINGS

62 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be as provided in the Act.

63 The Chairperson of the company shall preside as Chairperson at every general meeting of the company.

64 If there is no such Chairperson or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairperson of the meeting, the Vice Chairman of the company shall be entitled to take chair. In his absence, or in case he is unwilling to act, the Managing Director of the company shall be entitled to take chair. In his absence, or in case he is unwilling to act, the Directors present shall elect one of their members to be Chairperson of the meeting.

65 If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall by poll or electronically, choose one of their members to be Chairperson of the meeting.

66 On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

67 a. The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

b. There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting:

i. is, or could reasonably be regarded, as defamatory of any person; or

ii. is irrelevant or immaterial to the proceedings; or

iii. is detrimental to the interests of the company.

c. The Chairperson of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.

d. The minutes of the meeting kept in accordance with the provision of the Act shall be evidence of the proceedings recorded therein.

ADJOURNMENT OF MEETING

68 a. The Chairperson may, with the consent of any meeting at which a quorum is present and if so directed by the meeting, adjourn the meeting from time to time and from place to place.

b. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

c. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

d. Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

69 a. Subject to any rights or restrictions for the time being attached to any class or classes of shares:

b. on a show of hands, every member present in person shall have one vote; and
c. on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

70 A member may exercise his vote in accordance with the Act and shall vote only once.
a. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
b. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

71 A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.

72 Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

73 No member shall be entitled to vote at any general meeting or through postal ballot/e-voting unless all calls or other sums presently payable by him in respect of shares in the company have been paid or in regard to which the company has exercised any right of lien.

74 a. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
b. Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

75 a. Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.
b. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

76 An instrument appointing a proxy shall be in the form as prescribed in the Rules.

77 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

78 a. Unless otherwise determined by the company in general meeting the number of Directors shall not be less than 3 (three) and shall not more than 15 (Fifteen).
b. No share qualification is required for any person for being appointed as a Director of the company.

79 Subject to the applicable provisions of the Act, the Board shall have the power to determine the directors whose period of office is not liable to retire by rotation.
a. Subject to the provisions of the Act and Rules the Board shall have power to appoint one or more whole time directors as Executive Chairman, Executive Vice Chairman, Managing Director(s), Joint Managing Director

or Executive Director on such terms and conditions as may be determined. The Board may designate them as Joint Managing Director or by any other designation.

b. Subject to the provisions of the Act, the same individual may, at the same time, be appointed as the Chairperson of the company as well as the Managing Director or Chief Executive Officer of the company.

80 a. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

b. The remuneration payable to the directors, including any managing or whole time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act.

c. In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them:

i. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

ii. in connection with the business of the company.

81 All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board/Committee of Directors shall from time to time by resolution determine.

a. Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

b. Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

82 a. The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provision of the Act.

b. An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

c. If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

83 a. If the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting causal vacancy may be filed by the Board of Directors at a meeting of the Board.

b. The director so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.

84 Not withstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to any Bank, Financial Institution, Corporation or Company or Body Corporate or any person nominated by the debenture trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (hereinafter referred to as 'the Financial Institutions') or so long as the Financial Institutions hold any shares/debentures in the Company as a result of direct subscription or underwriting, or conversion of loan/debentures into equity capital of the Company or so long as any guarantee given by the Financial Institutions on behalf of the Company remains outstanding, each such Financial Institution shall, have a right to appoint from time to time, one or more persons as Director(s) on the Board of Directors of the Company (which Director is hereinafter referred to as 'the Nominee Director').

85 The Nominee Director shall not be liable to retire by rotation. The Financial Institutions may, at any time and from time to time, remove the Nominee Director appointed by it and may, in the event of such removal and also in case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee Director ceasing to hold office for any reasons whatsoever. Such appointment or removal shall be made in writing by the Financial Institutions and shall be delivered to the Company at its Registered Office/Head Office.

86 The Board of Directors of the Company shall have no power to remove the Nominee Director from office. Each such Nominee Director shall be entitled to attend all General Meetings, Board Meetings and Meetings of the Committee of which he is a member and he and the Financial Institutions appointing him shall also be entitled to receive notice of all such meetings as also the Minutes of all General Meetings. The Nominee Director shall be paid all remuneration, fees, allowances, expenses and other moneys to which other Directors are entitled; subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director shall *ipso facto* vacate his office immediately on the moneys owing by the Company to the Financial Institutions are paid off or on the Financial Institutions ceasing to hold shares/debentures of the Company.

POWERS OF BOARD

87 The management of the business of the company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the company in general meeting. No such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

PROCEEDINGS OF THE BOARD

88 a. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
b. the Chairperson or the Managing Director may, or the Company Secretary on the direction of the Chairperson or the Managing Director/Joint Managing Director shall, at any time, convene a meeting of the Board.
c. the quorum for a Board Meeting shall be as provided in the Act.
d. the participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

89 a. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
b. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

90 The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

91 The Chairperson of the company shall be chairperson at meetings of the Board. In his absence, the Managing Director shall occupy the chair and in the absence of the Managing Director or in case he is unwilling, the Joint Managing Director shall occupy the chair or in his absence or in case he is unwilling, the Board may elect a Chairperson of its meetings.

92 The Chairperson or the Managing Director or the Joint Managing Director shall have the power to invite any person or persons not being the member(s) of the Board to attend the meeting of the Board, but such invitee or invitees shall not be entitled to vote at any time.

93 a. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
b. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
c. The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
d. The quorum for the meetings of the Committee shall be one third of the Members of the Committee or two members whichever is higher.

94 a. Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

b. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

95 a. A committee may meet and adjourn as it thinks fit.
b. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present,
c. In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.

96 All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

97 Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, CHIEF FINANCIAL OFFICER OR COMPANY SECRETARY

98 Subject to the provisions of the Act:
a. A chief executive officer, manager, chief financial officer or company secretary or may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, chief financial officer or company secretary so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.
b. With the permission of the Board, a director may be appointed as Chief Executive Officer, Manager, Chief Financial Officer or Company Secretary.
c. A Director may be appointed as Chairperson of the Company by the Board, at the same time, while holding office as Managing Director or Chief Executive Officer of the Company."

THE COMMON SEAL

99 a. The Board shall provide for the safe custody of the seal.
b. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director of the company, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manger or the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in the presence.

DIVIDENDS AND RESERVE

100 The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the company in general meeting may declare a lesser dividend.

101 Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

102 a. The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
b. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

103 a. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

b. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

c. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

104 a. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

b. The Board may retain dividends payable upon shares in respect of which any person is, under the transmission clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.

105 a. Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

b. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

c. Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company shall not be responsible for a payment which is lost or delayed. The company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

106 Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

107 No dividend shall bear interest against the company.

ACCOUNTS

108 a. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

b. No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board.

WINDING UP

109 Subject to the applicable provisions of the Act and the Rules made thereunder -

d. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide among the member, in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of same kind or not.

e. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

f. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY AND INSURANCE

110 a. Subject to the provisions of the Act, every Director, Managing Director, Whole-time Director, Manager, Company Secretary and other Officer of the Company shall be indemnified by the company out of the funds

of the Company, to pay all costs, losses and expenses (including traveling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

b. Subject as aforesaid, every Director, Managing Director, Whole-time Director, Manager, Company Secretary and other Officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the court.

c. The company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the company for which they may be liable but have acted honestly and reasonably.

GENERAL POWER

111 Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Articles, then and in that cases this Articles authorizes and empowered the company to have such right, privilege, or authority and to carry such transactions as have been permitted by the Act without there being any specific Article in that behalf herein provided.

SECRECY

112 Every Director, Secretary, Manager, Auditor, Trustee for the Company, its members or debenture holders, member of a Committee, Officer, Servant, Agent, Accountant or other person employed in or about the business of the Company shall if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration-pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any General Meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

113 No shareholder or other person, not being a Director, shall be entitled to enter into or upon the premises or the property of the Company, or to inspect the Company's premises or properties or the books or the accounts of the Company except to the extent allowed by the Act and subject to such reasonable restrictions as the Company in General Meeting or the Board may impose in this behalf from time to time, without the permission of the Board or of the Managing Director for the time being, or require the discovery of or any information respecting any detail of he Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board/Chairperson or of the Managing Director will be inexpedient, in the interest of the members of the Company, to communicate.

Sl No	Name, Address, Occupation and Description of subscribers	Signature
1	NACHIMUTHU GOUNDER MAHALINGAM Mirasudar Sakthi Nilayam Nachimuthu Gounder Street Pollachi – 642 001	*(sd) N Mahalingam*
2	ALAGAPPA GOUNDER SUBRAMNANIYAM GOUNDER Landlord 44, North West Feeder Road Pollachi	*(sd) A. Subramaniyam*

Dated : 30 March 1955
Witness to the above signatures:
(Sd) V N S SARMA
Accountant
ABT (P) Limited
Pollachi

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu between 10.00 a.m. to 3.00 p.m. on any Business Day from the date of this Draft Prospectus until the date of Closure of the Issue.

A. MATERIAL CONTRACTS

1. Lead Manager MoU dated December 26, 2023 executed between the Company and the Lead Manager.

2. Registrar Agreement dated January 17, 2024 executed between the Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated January 10, 2024 executed between the Company and the Debenture Trustee.

4. Lead Brokers Agreement dated [●] executed between the Company, the Lead Brokers and Lead Manager.

5. Public Issue Bank, Refund Bank and Sponsor Bank Account Agreement dated [●] executed between the Company, the Registrar, the Public Issue Bank and the Lead Manager.

6. Tripartite agreement between the Company, Registrar to the Company and CDSL, and the Company, Registrar to the Company and NSDL, dated September 26, 2001 and October 13, 2001, respectively.

7. Tripartite agreement between the Company, Registrar to the Issue and CDSL and the Company, Registrar to the Issue and NSDL, dated June 24, 2021 respectively.

B. MATERIAL DOCUMENTS

1. Certificate of Incorporation of the Company dated March 30, 1955, issued under Companies Act, 1913 and Certificate of Incorporation consequent to change of name dated July 27, 1967, issued by Registrar of Companies, Madras.

2. Memorandum and Articles of Association of our Company.

3. The certificate of registration No. 07-00252 dated April 17, 2007 issued by Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934.

4. ICRA Letter no. ICRA/Sakthi Finance Limited/10012024/1 dated January 10, 2024 for assigning the credit rating for issue of proposed NCDs and the Press release dated January 12, 2024;

5. Due Diligence certificate by Debenture Trustee dated January 16, 2024;

6. Copy of the Board Resolutions dated November 08, 2023 approving the Issue.

7. Copy of the resolutions dated January 17, 2024 passed by the NCD Issuance Committee, approving the Draft Prospectus.

8. Copy of the resolution passed by the shareholders of the Company through postal ballot process, result of which were declared on April 5, 2014 approving the overall borrowing limits of the Company.

9. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Manager to the Issue, Debenture Trustee, Credit Rating Agency for the Issue, Legal Counsel to the Issue, Bankers to the Issue, Lead Brokers (For the Prospectus) and the Registrar to the Issue, to include their names in the Draft Prospectus and Prospectus to act in their respective capacities.

10. Consent Letter dated December 27, 2023 from the current Statutory Auditors, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI NCS Regulations in this Draft Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as current Statutory Auditor in respect of (i) Audited Financial Statements for the Fiscal 2022 and 2023 and unaudited Financial Statements for 6 months ended September 30, 2023 along with the Limited Review Report (ii) their report dated January 17, 2024 on the Statement of Possible Tax Benefits, included in the Draft Prospectus and such consent has not been withdrawn as on the date of the Draft Prospectus.

11. Consent Letter dated December 13, 2023 from the Statutory Auditors for the Fiscal 2021, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI NCS Regulations in this Draft Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as Statutory Auditor in respect of the Audited Financial Statements for the Fiscal 2021.

12. Statement of Possible Tax Benefits dated January 17, 2024 provided by our Current Statutory Auditors appearing in the Draft Prospectus.

13. Annual Reports of the Company for the last three Financial Years 2021 to 2023.Unaudited Financial Statements for 6 months ended September 30, 2023 along with the Limited Review Report.

14. Due Diligence Certificate dated January 16, 2024 filed by the Lead Manager with SEBI.

15. Copy of the board resolution dated August 24, 2020 appointing the Managing Director of the Company.

16. Copy of the shareholders' resolution dated December 17, 2020 appointing the Managing Director of the Company.

17. Agreement relating to re-appointment of Managing Director of the Company executed on December 19, 2020.

18. Application for in-principle approval for listing made to BSE dated [●].

19. In-principle approval for listing from BSE *vide* its letter no [●] dated [●] for Issue.

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the holders in the interest of the Company in compliance with the applicable laws.

DECLARATION

We, the Directors of the Company, hereby certify and declare that:

a. all applicable legal requirements in connection with the Issue and the Company, including relevant provisions of the Companies Act 2013, as amended and the rules prescribed thereunder, to the extent applicable as on this date, the Securities Contracts (Regulation) Act 1956, as amended, the Securities and Exchange Board of India Act 1992, as amended and rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by the Reserve Bank of India and the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India including, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, to the extent applicable, as the case may be, have been complied with;
b. no statement made in this Draft Prospectus is contrary to the relevant provisions of any rules, regulations, guidelines and circulars as applicable to this Draft Prospectus.
c. compliance with the Companies Act 2013 and the rules does not imply that payment of interest or repayment of debt securities, is guaranteed by the Central Government.
d. the monies received under the Issue shall be used only for the purposes and objects indicated in this Draft Prospectus;
e. all the disclosures and statements in this Draft Prospectus and in the attachments thereto are true, accurate, correct and complete and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading;
f. this Draft Prospectus does not contain any misstatements; and
g. no information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of the Company

Sd/ Dr. M Manickam Chairman DIN : 00102233	Sd/ Mr. M Balasubramaniam Vice Chairman and Managing Director DIN : 00377053	Sd/ Mr. M Srinivaasan Non-Executive Director DIN : 00102387
Sd/ Dr. A Selvakumar Independent Director DIN : 01099806	Sd/ Mrs. Priya Bhansali ndependent Director DIN : 00195848	
Sd/ Mr. K P Ramakrishnan Independent Director DIN: 07029959	Sd/ Dr S Veluswamy Director DIN: 05314999	

Date **:** January 17, 2024

Place **:** Coimbatore

DECLARATION

We, the Directors of the Company, hereby certify and declare that:

h. all applicable legal requirements in connection with the Issue and the Company, including relevant provisions of the Companies Act 2013, as amended and the rules prescribed thereunder, to the extent applicable as on this date, the Securities Contracts (Regulation) Act 1956, as amended, the Securities and Exchange Board of India Act 1992, as amended and rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by the Reserve Bank of India and the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India including, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, to the extent applicable, as the case may be, have been complied with;

i. no statement made in this Draft Prospectus is contrary to the relevant provisions of any rules, regulations, guidelines and circulars as applicable to this Draft Prospectus.

j. compliance with the Companies Act 2013 and the rules does not imply that payment of interest or repayment of debt securities, is guaranteed by the Central Government.

k. the monies received under the Issue shall be used only for the purposes and objects indicated in this Draft Prospectus;

l. all the disclosures and statements in this Draft Prospectus and in the attachments thereto are true, accurate, correct and complete and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading;

m. this Draft Prospectus does not contain any misstatements; and

n. no information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of the Company

Sd/
Mr. P S Gopalakrishnan
Independent Director
DIN : 00001446

Date **:** January 17, 2024

Place **:** Chennai

ANNEXURE A: FINANCIAL STATEMENTS

Sr. No	Particulars	Page No.
1	Statement of Unaudited Financial Results along with Limited Review Report on unaudited financial results for the Six Months Period ended September 30, 2023	**F 2**
3	Audited Financial Statements along with Independent Auditor's Examination Report for the financial year ended/ as at March 31, 2023	**F 14**
3	Audited Financial Statements along with Independent Auditor's Examination Report for the financial year ended/ as at March 31, 2022	**F 120**
4	Audited Financial Statements along with Independent Auditor's Examination Report for the financial year ended/ as at March 31, 2021	**F 212**

Limited Review Report on unaudited standalone financial results for the half year ended September 30, 2023

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Annexure B

CSK PRABHU & CO
Chartered Accountants

PARTNERS
CSK PRABHU BCom FCA
MAHESH PRABHU BCom FCA DISA
SWETHA G N MCom FCA

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

Review Report

To the Board of Directors of Sakthi Finance Limited, Coimbatore

Introduction

1. We have reviewed the accompanying unaudited financial results of Sakthi Finance Limited ("the Company") for the quarter ended September 30, 2023 and the year to date results for the period April 01, 2023 to September 30, 2023 , which are included in the accompanying Statement of Unaudited Financial Results for the Quarter and Six months ended September 30, 2023, the Statement of Assets and Liabilities as on that date and the Statement of Cash Flows for the half-year ended on that date ("the Statement") being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialed the Statement for identification purposes only.

Management Responsibility for the Statement

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

Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and

F4, 4th Floor, Srivari Kikani Centre, No. 2, Krishnaswamy Mudaliar Road, COIMBATORE 641 002
Phone : 2552437, 2553932 E-mail : csk@cskprabhu.com ; cskprabhuco@gmail.com Web : www.cskprabhu.com

analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

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

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

CSK PRABHU & CO. FRN: 002485S CBE-2 Chartered Accountants

CSK Prabhu
Partner
Membership Number: 019811
UDIN: 23019811BGTKNP7423
Place: Coimbatore
Date: November 08, 2023

Annexure - A

Sakthi Finance Limited

Coimbatore - 18

Statement of Unaudited Financial Results for the Quarter ended 30th September 2023

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Half year ended		Year Ended
		30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Revenue from Operations**						
	Interest Income	**4,864.58**	4,725.40	4,535.71	**9,589.98**	9,003.04	**18,476.72**
	Rental Income	**16.90**	16.59	7.74	**33.49**	15.47	**30.94**
	Fees and Commission	**129.30**	112.15	114.75	**241.45**	211.42	**459.47**
	Bad debts recovery	**89.55**	49.88	69.64	**139.43**	126.20	**173.13**
	Sale of power from windmills	**22.15**	11.08	16.49	**33.23**	28.35	**40.34**
	Total revenue from operations	**5,122.48**	**4,915.10**	**4,744.33**	**10,037.58**	**9,384.48**	**19,180.60**
2	**Other Income**						
	Miscellaneous income	**(0.05)**	0.19	0.01	**0.14**	0.23	**13.37**
3	**Total Income**	**5,122.43**	**4,915.29**	**4,744.34**	**10,037.72**	**9,384.71**	**19,193.97**
4	**Expenses**						
	a. Finance Costs	**2,897.03**	2,824.39	2,711.67	**5,721.42**	5,456.19	**10,926.13**
	b. Fees and commission expenses	**32.80**	25.38	29.08	**58.18**	55.73	**107.44**
	c. Impairment on Financial Instruments	**208.84**	165.83	271.70	**374.67**	485.91	**926.07**
	d. Employee benefits expenses	**892.10**	863.46	772.06	**1,755.56**	1,541.83	**3,246.21**
	e. Depreciation, amortisation and impairment	**147.11**	144.50	135.96	**291.61**	268.97	**546.93**
	f. Other Administrative Expenses	**425.34**	437.34	373.44	**862.68**	767.63	**1,705.22**
	Total Expenses	**4,603.22**	**4,460.90**	**4,293.91**	**9,064.12**	**8,576.26**	**17,458.00**
5	**Profit/(Loss) before Exceptional items and Tax (3-4)**	**519.21**	**454.39**	**450.43**	**973.60**	**808.45**	**1,735.97**
6	Exceptional items	-	-	-	-	-	-
7	**Profit/(Loss) before tax (5-6)**	**519.21**	**454.39**	**450.43**	**973.60**	**808.45**	**1,735.97**
8	**Tax expense:**						
	a Current Tax	**169.05**	164.28	192.44	**333.33**	357.52	**674.65**
	b Deferred Tax	**(24.99)**	(54.72)	(70.78)	**-79.71**	(137.28)	**(188.05)**
9	**Profit after Tax for the period from continuing operations (7-8)**	**375.15**	**344.83**	**328.77**	**719.98**	**588.21**	**1,249.37**
10	**Other Comprehensive Income:**						
	(i) Items that will not be reclassified to profit or loss :						
	a) Fair value changes in Equity instruments	**43.84**	24.66	36.49	**68.5**	49.87	**36.38**
	b) Remeasurement Gain / (Loss) in defined benefit obligations	**(0.23)**	1.51	0.92	**1.28**	0.92	**6.06**
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**(10.97)**	(6.59)	(12.78)	**(17.56)**	(12.78)	**(10.68)**
11	**Other Comprehensive Income**	**32.64**	**19.58**	**24.63**	**52.22**	**38.01**	**31.76**
12	**Total Comprehensive Income for the period (9+11)**	**407.79**	**364.41**	**353.40**	**772.20**	**626.22**	**1,281.13**
13	Earnings per equity share (Face Value : ₹ 10 each) :						
	- Basic (₹)	**0.63**	0.56	0.55	**1.19**	0.97	**1.98**
	- Diluted (₹)	**0.63**	0.56	0.55	**1.19**	0.97	**1.98**

SAKTHI FINANCE LIMITED CBE-18

Sakthi Finance Limited
Coimbatore - 18

STATEMENT OF ASSETS AND LIABILITIES

(₹ lakh)

Particulars	As at 30-09-2023 (Unaudited)	As at 31-03-2023 (Audited)
ASSETS		
Financial Assets		
Cash and cash equivalents	**2,100.91**	3,002.79
Bank Balances other than cash and cash equivalents	**495.75**	42.91
Derivative financial instruments	**-**	-
Receivables :		
(a) Trade Receivables	**296.36**	226.21
(b) Other Receivables	**16.99**	18.39
Loans	**1,19,637.19**	1,14,500.10
Investments	**1,195.18**	1,344.51
Other Financial assets	**1,385.80**	1,288.55
Non-Financial Assets		
Current tax assets (net)	-	33.15
Deferred tax Assets (net)	**457.44**	395.30
Investment Property	**268.31**	270.61
Property, Plant and Equipment	**5,766.55**	5,844.58
Right of use assets	**992.35**	1,059.12
Intangible assets under development	**-**	-
Other Intangible assets	**183.11**	156.58
Other non-financial assets	**1,909.01**	1,875.19
Total Assets	**1,34,704.95**	**1,30,057.99**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial Liabilities		
Derivative financial instruments	**-**	-
Payables:		
(I) Trade Payables:		
(i) total outstanding dues of micro enterprises and small enterprises	**-**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**140.04**	156.15
(II) Other Payables:		
(i) total outstanding dues of micro enterprises and small enterprises	**-**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**233.02**	193.26
Debt Securities	**48,988.58**	48,792.43
Borrowings (Other than Debt Securities)	**16,823.10**	14,654.08
Deposits	**2,819.52**	2,444.17
Subordinated Liabilities	**42,664.82**	41,512.40
Other financial liabilities	**1,694.08**	1,384.96
Non-Financial Liabilities		
Current tax liabilities (net)	**55.79**	-
Provisions	**196.32**	135.49
Deferred tax liabilities (net)	**-**	-
Other non-financial liabilities	**83.15**	97.78
EQUITY		
Equity Share capital	**6,470.59**	6,470.59
Other Equity	**14,535.94**	14,216.68
Total Liabilities and Equity	**134704.95**	**130057.99**

SAKTHI FINANCE LIMITED CBE-18

Sakthi Finance Limited
Coimbatore - 18

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

(₹ lakh)

Particulars	Half Year Ended 30.09.2023 (Unaudited)	Year Ended 31.03.2023 (Audited)
A. Cash flow from Operating activities		
Profit before tax	973.60	1735.97
Adjustment to reconcile profit before tax to net cash flows:		
Non-cash expenses		
Depreciation, amortisation and impairment	291.61	546.93
Impairment on Loan Assets	191.84	680.88
Bad debts and write offs	174.30	233.77
Remeasurement gain/(loss) on defined benefit plans	1.28	6.06
Impairment on investments	0.83	4.75
Impairment on Trade receivables	7.70	6.67
Amortization of Fees and Commission on financial liability	96.64	172.69
Income/expenses considered seperately		
Income from investing activities	(181.72)	(173.87)
Net gain/(loss) on derecognition of property, plant and equipment	0.23	2.39
Finance costs	5721.42	10926.13
Operating profit before working capital changes	**7277.73**	**14142.37**
Movements in Working Capital:		
Decrease/ (increase) in loans	(5503.23)	(5103.55)
Decrease / (increase) in Trade receivables	(77.85)	(63.63)
Decrease / (increase) in Other receivables	1.40	(1.83)
Decrease / (increase) in Other financial assets	(88.42)	444.19
Decrease / (increase) in Other non-financial assets	(55.69)	70.04
Increase / (decrease) in Trade Payables	(16.11)	28.11
Increase / (decrease) in Other Payables	39.76	18.13
Increase / (decrease) in Other financial liabilities	362.44	(27.93)
Increase / (decrease) in Other non-financial liabilities	(14.62)	(1.77)
Increase / (decrease) in Provisions	60.83	12.84
Cash generated from operations	**(5291.49)**	**(4625.40)**
Income taxes paid (net of refunds)	(244.39)	(690.40)
Interest received on Bank deposits	127.03	18.00
Finance costs paid	(4599.92)	(9007.44)
Net Cash flows from / (used in) operating activities (A)	**(2731.04)**	**(162.87)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(171.80)	(389.43)
Purchase of investments at amortised cost	-	-
Proceeds from sale of investments at amortised cost	217.00	1185.67
Proceeds from sale of property, plant and equipment and intangible assets	0.53	4.11
Interest income received from investment at amortised cost	54.69	145.20
Increase in earmarked balances with banks	(452.84)	1086.40
Net cash flows from / (used in) investing activities (B)	**(352.42)**	**2031.95**

SAKTHI FINANCE LIMITED CBE-18

Sakthi Finance Limited
Coimbatore - 18

(₹ lakh)

Particulars	Half Year Ended 30.09.2023 (Unaudited)	Year Ended 31.03.2023 (Audited)
C. Cash flow from Financing activities		
Proceeds from issue of equity shares	-	-
Issue Expense of Debt Securities	21.87	(9.09)
Proceeds from debt securities	16356.04	15600.00
Repayment of debt securities	(16180.56)	(8407.36)
Proceeds from Deposits	1600.78	0.00
Repayment of Deposits	(1228.65)	(6114.07)
Proceeds from other than debt securities	-	-
Repayment of other than debt securities	5982.45	(2421.07)
Proceeds from Subordinated liabilities	0.00	0.00
Repayment of Subordinated liabilities	7.16	33.83
(Increase) / decrease in loan repayable on demand	(3852.11)	1443.79
Lease liability paid	(72.46)	(53.59)
Dividend paid	(452.94)	(388.24)
Net cash flows from financing activities (C)	**2181.58**	**(315.80)**
Net increase / (decrease) in cash and cash equivalents **(A+B+C)**	(901.88)	1553.28
Cash and cash equivalents at the beginning of the year	3002.79	1449.51
Cash and cash equivalents at the end of the year	**2100.91**	**3002.79**

Net cash provided by / (used in) operating activities includes		
Interest received	9408.26	18313.52
Interest paid	(4599.92)	(9007.44)
Net cash provided by / (used in) operating activities	**4808.34**	**9306.08**

Cash and cash equivalents at the end of the year		
i) Cash in hand	188.55	189.80
ii) Cheques on hand	70.23	106.58
iii) Balances with banks (of the nature of cash and cash equivalents)	1842.13	2706.41
Total	**2100.91**	**3002.79**

Sakthi Finance Limited
Coimbatore – 18

Notes:

1. The above Unaudited Financial Results ("**UFR**") have been prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act 2013 ("**the Act**") read with the Companies (Indian Accounting Standards) Rules 2015 and accordingly, these financial results together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**") in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended. Any application guidance / clarifications / directions issued by the Reserve Bank of India will be implemented as and when they are issued /applicable.

2. The above UFR for the quarter and half year ended 30th September 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 8th November 2023.

3. The Statutory Auditors of the Company have conducted a limited review on the UFR for the quarter and half year ended 30th September 2023.

4. In terms of the requirement as per the RBI notification no. RBI/2019-2020/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated 13th March 2020 on implementation of Ind AS, Non-Banking Financial Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms (including provision on standard assets). As such the impairment allowances under Ind AS 109 made by the company exceeds the total provisions required under IRACP (including standard assets provisioning) as at 30th September 2023 and accordingly, there is no amount required to be transferred to impairment reserve.

5. In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 in relation to the Resolution Framework for COVID-19-related stress, disclosure is as follows:

(₹ lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	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	187.66	33.26	0.18	98.68	55.54
Corporate Loans*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**187.66**	**33.26**	**0.18**	**98.68**	**55.54**

SAKTHI FINANCE LIMITED CBE-18

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6. The Company had raised an amount of ₹ 146.86 Crores by way of Public Issue of NCDs during the 1st quarter. The proceeds of NCD has been fully utilized as at 30th September 2023, for the objects stated in the Prospectus dated 10th April 2023.

7. The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as identified as per Ind AS 108 on 'Operating Segments'.

8. The Company's Secured, Redeemable, Non-Convertible Debentures (**"NCDs"**) are secured by mortgage of identified immovable properties and hypothecation of specified hire purchase receivables of the Company with a cover of 100%/110% of outstanding (principal and interest accrued thereon) as per the terms of the issue.

9. As on September 30, 2023 the security cover available in respect of listed secured non-convertible debt securities is 1.09 times. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached.

10. The Code on Social Security 2020 ("**the Code**") has been enacted and the effective date from which changes are applicable and the rules thereunder is yet to be notified. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

11. Disclosure as required by Regulation 52(4) of the Listing Regulations is enclosed in **Appendix I**.

12. Previous period / year figures have been regrouped / re-arranged / re-classified, wherever necessary to conform to the current period presentation.

By Order of the Board
For Sakthi Finance Limited

M Balasubramaniam
Vice Chairman and Managing Director
DIN : 00377053

8th November 2023
Coimbatore - 18

SAKTHI FINANCE LIMITED CBE-18

Annexure C

Sakthi Finance Limited
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Extract of Statement of Unaudited Financial Results for the Quarter and Half Year ended 30th September 2023

(₹ lakh)

Particulars	Quarter Ended			Half year Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Revenue from Operations (net)	**5,122.48**	4,915.10	4,744.33	10,037.58	9,384.48	**19,180.60**
Net Profit / (Loss) for the period (before tax and Exceptional Items)	**519.21**	454.39	450.43	973.60	808.45	**1,735.97**
Net Profit / (Loss) for the period before tax (after Exceptional Items)	**519.21**	454.39	450.43	973.60	808.45	**1,735.97**
Net Profit / (Loss) for the period after tax (after Exceptional Items)	**375.15**	344.83	328.77	719.98	588.21	**1,249.37**
Other Comprehensive Income (net of tax)	**32.64**	19.58	24.63	52.22	38.01	**31.76**
Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (net of tax)]	**407.79**	364.41	353.40	772.20	626.22	**1,281.13**
Paid-up equity share capital (Face value : ₹ 10 per share)	**6,470.59**	6,470.59	6,470.59	6,470.59	6,470.59	**6,470.59**
Reserves (excluding Revaluation Reserve)						**11,750.40**
Securities Premium Account	**1,429.80**	1,429.80	1,429.80	1,429.80	1,429.80	**1,429.80**
Net worth	**18,218.46**	18,286.04	17,205.40	18,218.46	17,205.40	**17,927.28**
Paid up Debt Capital/ Outstanding Debt	**0.34**	0.40	0.33	0.34	0.33	**0.33**
Outstanding Redeemable Preference Shares^	**NA**	NA	NA	NA	NA	**NA**
Debt Equity Ratio	**6.12**	6.26	6.24	6.12	6.24	**5.99**
Earnings per share (₹ 10 each) (for continuing operations) :						
a. Basic (₹)	**0.63**	0.56	0.55	1.19	0.97	**1.98**
b. Diluted (₹)	**0.63**	0.56	0.55	1.19	0.97	**1.98**
Capital Redemption Reserve *	**NA**	NA	NA	NA	NA	**NA**
Debenture Redemption Reserve *	**NA**	NA	NA	NA	NA	**NA**
Debt Service Coverage Ratio*	**NA**	NA	NA	NA	NA	**NA**
Interest Service Coverage Ratio*	**NA**	NA	NA	NA	NA	**NA**

* These ratios are not applicable for NBFC

^ This disclosure is not applicable, since the Preference Shares of the Company is not listed.

Notes :

1 The above is an extract of the detailed format of the Unaudited Financial Results filed with Stock Exchange under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the Unaudited Financial Results are available on the BSE Ltd website **(URL:www.bseindia.com/corporates)** and company's website, **www.sakthifinance.com.**

2 Disclosures in accordance with Regulation 52(4) of the Listing Regulations have been submitted to BSE Limited and the disclosures can be accessed on the BSE website **(URL : www.bseindia.com/corporates)** and company's website, **www.sakthifinance.com.**

By Order of the Board
For Sakthi Finance Limited

SAKTHI FINANCE LIMITED CBE-18

8th November 2023
Coimbatore - 18

M Balasubramaniam
Vice Chairman and Managing Director
DIN : 00377053

Annexure D

Sakthi Finance Limited
Coimbatore – 18

Appendix - I

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

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Year Ended
		30th Sep 2023	30th June 2023	**30th Sep 2022**	**31st March 2023**
1	Debt - Equity Ratio (Refer Note 2)	**6.12**	6.26	6.24	**5.99**
2	Debt Service Coverage Ratio	**NA**	NA	NA	**NA**
3	Interest Service Coverage Ratio	**NA**	NA	NA	**NA**
4	Outstanding Redeemable Preference Shares	**NA**	NA	NA	**NA**
5	Capital Redemption Reserve	**NA**	NA	NA	**NA**
6	Debenture Redemption Reserve	**NA**	NA	NA	**NA**
7	Net Worth (Refer Note 3)	**18,218.46**	18,286.04	17,205.40	**17,927.28**
8	Net Profit / (Loss) After Tax	**375.15**	344.83	588.21	**1,249.37**
9	**Earnings per Share:**				
	- Basic	**0.63**	0.56	0.97	**1.98**
	- Diluted	**0.63**	0.56	0.97	**1.98**
10	Current Ratio	**NA**	NA	**NA**	**NA**
11	Long Term debt to Working Capital	**NA**	NA	**NA**	**NA**
12	Bad Debts to Accounts Receivable Ratio	**NA**	NA	**NA**	**NA**
13	Current Liability Ratio	**NA**	NA	**NA**	**NA**
14	Total Debts to Total Assets (Refer Note 4)	**0.75**	0.76	0.76	**0.75**
15	Debtor Turnover	**NA**	NA	NA	**NA**
16	Inventory Turnover	**NA**	NA	NA	**NA**

SAKTHI FINANCE LIMITED CBE-18

Sakthi Finance Limited
Coimbatore – 18

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Year Ended
		30th Sep 2023	30th June 2023	30th Sep 2022	**31st March 2023**
17	Operating Margin (%)	NA	NA	NA	NA
18	Net Profit Margin (%) (Refer Note 5)	7.32	7.02	6.27	**6.51**
19	**Sector specific equivalent ratios, as applicable**				
	i) Gross Non-performing Assets (GNPA) % (Refer Note 6)	**5.73**	5.86	5.69	**5.85**
	ii) Net Non-Performing Assets (NNPA) % (Refer Note 7)	**2.97**	3.07	2.66	**2.95**
	iii) Provision Coverage Ratio (PCR %) (Refer Note 8)	**49.64**	49.00	54.70	**51.11**
	iv) Capital Adequacy Ratio (%) (Refer Note 9)	**17.26**	19.62	19.22	**19.68**

Notes :

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

SAKTHI FINANCE LIMITED CBE-18

Audited Financial Statements as at and for the Financial Year ended March 31, 2023

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CSK PRABHU & CO
Chartered Accountants

PARTNERS
CSK PRABHU BCom FCA
MAHESH PRABHU BCom FCA DISA
SWETHA G N MCom FCA

Members of Sakthi Finance Limited

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

1. This certificate is issued in accordance with the terms of our engagement letter dated 10 April 2023.

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 2023, 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 2023, 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

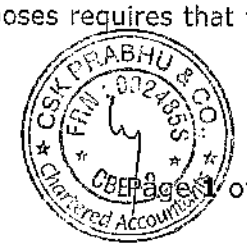
4. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant 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.



F4, 4th Floor, Srivari Kikani Centre, No. 2, Krishnaswamy Mudaliar Road, COIMBATORE 641 002
Phone : 2552437, 2553932 E-mail : csk@cskprabhu.com / cskprabhuco@gmail.com Web : www.cskprabhu.com

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 2023 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 2022 to 31 March 2023:
   (a) Annual General Meeting ("**AGM**");
   (b) Board of Directors;
   (c) Audit Committee;
   (d) Nomination and Remuneration Committee;
   (e) Stakeholders Relationship Committee;
   (f) Independent Director's Meeting;
   (g) Asset Liability Management Committee;
   (h) Risk Management Committee;
   (i) Information Technology ("**IT**") Strategy Committee;

(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 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 2023, 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.

For CSK Prabhu & Co
Chartered Accountants
Firm's Registration No:002485S

Mahesh Prabhu
Partner
Membership No:214194
UDIN: 23214194BGYQRB9528

Date: 07th August 2023
Place: Coimbatore

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

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 2023):

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

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

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

   a. Web-link for the Composition of CSR Committee: **https://www.sakthifinance.com/wp-content/uploads/2023/07/SFL_Committee-Position_March-2023.pdf.**

   b. Web-link to the CSR Policy: **https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf**

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

5. a. Average net profits of the company as per Section 135(5) : ₹ 2,000.05 lakhs

   b. Two percent of average net profits of the company as per Section 135(5) : ₹ 40.00 lakhs

   c. surplus araising out of the CSR project programs or the activities of the previous final year : Nil

   d. Amount required to be set off for the financial year, if any : Nil

   e. Total CSR obligation for the financial year (5b+5c-5d) : ₹ 40.00 lakhs

6. a. Amount spent on CSR Projects :

   (i) Ongoing Project : Not Applicable

   (ii) Other than Ongoing Project :

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Amount spent for the project	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing Agency	
			Yes / No	State	District	(lakh)		Name	CSR Registration number
1	NA	Cultural	Yes	Tamilnadu, Coimbatore		3.00	Yes	NA	NA
2		Education	Yes			6.32	Yes	NA	NA
3		Health Care	Yes			2.44	Yes	NA	NA
4		Vocation Skills	Yes			3.30	Yes	NA	NA
5		Education	Yes			25.00	No	1. Sri Ramanadha Adigalar Foundation	CSR00028194
	Total					40.06			

   b. Amount spent in Administrative Overheads : Nil

   c. Amount spent on Impact Assessment, if applicable : Nil

   d. Total amount spent for the Financial Year (6a+6b+6c) : ₹ 40.06 lakh

e. CSR amount spent or unspent for the financial year:

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

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

Sl No	Particulars	Amount (₹ lakh)
i	Two percent of average net profits of the company as per Section 135(5)	40.00
ii	Total amount spent for the financial year	40.06
iii	Excess amount spent for the financial year [(iii) - (i)]	0.06
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v	Amount available for set-off in succeeding financial years [(iii) – (iv)]	0.06

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

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

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

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

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

7th August 2023
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 2022-23 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 2022-23

Sl No	Name and Designation of the Director	Remuneration for FY 2022-23 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	4.30	1.38:1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	107.47	34.45:1
3	Sri M Srinivaasan, Director	4.50	1.44:1
4	Dr A Selvakumar, Director	12.60	4.04:1
5	Sri P S Gopalakrishnan, Director	4.50	1.44:1
6	Smt Priya Bhansali, Director	7.00	2.24:1
7	Sri K P Ramakrishnan, Director	8.50	2.72:1
8	Dr S Veluswamy, Director	39.56	12.68:1

B. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2022-23

Sl No	Name and Designation of the Director / Key Managerial Personnel ("KMP")	Remuneration for FY 2022-23 (₹ lakh)	% increase in remuneration in FY 2022-23
1	Dr M Manickam, Chairman	4.30	22.86
2	Sri M Balasubramaniam, Vice Chairman and Managing Director	107.47	1.07
3	Sri M Srinivaasan, Director	4.50	7.14
4	Dr A Selvakumar, Director	12.60	27.27
5	Sri P S Gopalakrishnan, Director	4.50	25.00
6	Smt Priya Bhansali, Director	7.00	27.27
7	Sri K P Ramakrishnan, Director	8.50	6.25
8	Dr S Veluswamy, Director*	39.56	16.15
9	Sri Srinivasan Anand, Chief Financial Officer	25.79	(37.95)
10	Sri S Venkatesh **	-	-
11	Sri C Subramaniam, Company Secretary **	-	-

* Changed from Executive Director to Non-executive Director with effect from 24th May 2022

** As Sri S Venkatesh has resigned from the position of Company Secretary and Sri C Subramaniam has been appointed as Company Secretary with effect from 6th March 2023 only, percentage increase in remuneration is not applicable.

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

C. Other Information

a	The percentage increase in the median remuneration of all employees during the financial year 2022-23	8.01%
b	The number of permanent employees on the rolls of the company as on 31st March 2023	521
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 2022-23 was 3.98%. Average Percentage (Increase/ decrease) in the managerial remuneration for the year was (2.82%).
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 2022-23) 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 (65)	Vice Chairman and Managing Director	107.47	M.Com, MBA (USA) (38)	21/08/1985	Director, ABT Industries Limited	1,92,000 (0.30)
2	Dr S Veluswamy (64)*	Director	39.56	MCom, ACS, Ph.D (42)	01/04/1994	Asst Company Secretary, Sakthi Sugars Limited	-
3	Dr K Natesan (64)	President	25.95	MA, LLB, MBA, Ph.D (42)	03/04/1992	Asst Manager (Personnel), Tamilnadu Telecommunications Limited	150 (0.00)
4	Sri Srinivasan Anand (69)	Chief Financial Officer	25.79	B.Com, ACA (46)	03/09/2021	Chief Audit Officer, ABT Foundation Limited	-
5	Sri Viswanathan Venkateswaran (44)	General Manager - OSM	22.29	B.E ,PGDM (19)	07/07/2021	Assistant Professor, Amrita Vishwa Vidyapeetham	-
6	Sri M Purushothaman (64)	Associate Vice President (HR)	22.05	BSc, MBA (40)	02/06/2010	Head - Strategic Planning, BK Group, Kolkata	-
7	Dr N Raveendran (63)	Chief Information Officer	21.77	B.Com, MBA, Ph.D (42)	11/06/2009	Senior Manager (IT Services), Pricol Limited	-
8	Sri Rajeev Chettada Kozhipurath (52)	General Manager (EWS)	20.42	B Tech (EEE) (25)	02/12/2019	Head of Delivery - Race 2 cloud	-
9	Sri S Saravanakumar (46)	General Manager (Business and Collections)	19.33	BBM, MCA (20)	05/01/2015	Zonal Manager, HDB Financial Services Ltd	-
10	Sri Joseph Sagayaraj (60)	General Manager - Receivables Management	19.05	B.Com (33)	01/12/2005	Regional Credit Manager, Cholamandalam Finance and Investment Company Ltd	-

* Employed for part of the year and remuneration includes terminal benefits.

Notes:

a. The above table is based on payouts made during the year.

b. Remuneration shown above includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund, Gratuity Fund and taxable value of perquisites calculated in accordance with the Income Tax Act / Rules, wherever applicable.

c. None of the employees mentioned above is related to any of the Directors of the Company except Sri M Balasubramaniam, Vice Chairman and Managing Director who is related to Dr M Manickam, Chairman and Sri M Srinivaasan, Director.

d. During the Financial year 2022-23, no employee was in receipt of remuneration in excess of the Vice Chairman and Managing Director of the Company and held himself or along with his spouse and dependent children two percent or more of the equity shares of the company.

e. The appointments of Managing Director are contractual in nature.

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

7th August 2023
Coimbatore

INDEPENDENT AUDITOR'S REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited (**"the Company"**), which comprise the balance sheet as at 31 March 2023, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as **"the Financial Statements"**).

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (**"the Act"**) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

F 22
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Key Audit Matters (continued)

Description of Key Audit Matter

Key Audit Matter	How our audit addressed the Key Audit Matter
4.1 Asset Classification	
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"). 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.	Our audit procedures included the following: • We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off, including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions. • The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("**ICAI**"). • Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance. • We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI. • The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. • Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.

Key Audit Matter	How our audit addressed the Key Audit Matter
4.2 Impairment of Loans (Expected Credit Losses) *(Refer to the Accounting Policies in Note 2.g.(v) to the Financial Statements and Note 45 to the Financial Statements).*	
Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("**ECL**") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include: 1. Categorization of loans into Stage 1, 2 and 3 based on identification of: a. Exposures with significant increase in credit risk since their origination and b. Individually impaired / default exposures and determination of Exposure at Default ('**EAD**'). 2.Techniques used to determine Loss Given Default ('**LGD**') and Probability of Default ('**PD**') to calculate ECL. 3.The impact of different forward-looking information including future macro-economic factors in the determination of ECL. 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. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation. • We also assessed the appropriateness of the impairment methodology adopted by the management including the presentation and disclosure requirements. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.

Key Audit Matter	How our audit addressed the Key Audit Matter
4.3 Information technology system	
The dependence of Information technology ("**IT**") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.	Our audit procedures focused on the following: • IT infrastructure and applications relevant to the financial reporting. • Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("**IS**") Audit performed in respect thereof. • Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run. • The aspects covered in the IT systems General Control audit were: (i) User Access Management (ii)System maintenance controls have been ensured by understanding the design and the operating effectiveness of such controls in the system; • Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting. • Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.

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

5. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Financial Statements and our auditor's report thereon.

6. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

8. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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

9. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5)of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (**"Ind AS"**) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.

10. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the Financial Statements, Management and Board of Directors' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intendto liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

- Conclude on the appropriateness of Management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ("**the Order**") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

19. (A) As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company in electronic mode on servers physically located in India, so far as it appears from our examination of those books and further the process of taking daily back-up is in place. Refer Note 56 to the Financial Statements.

    c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e. On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report.

Report on Other Legal and Regulatory Requirements (continued)

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Financial Statements - Refer Note 32(i) to the financial statements.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("**IEPF**") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the financial statements.

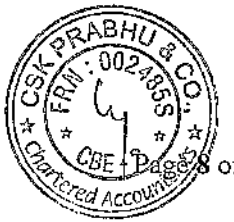
d) (i) The Management has represented that, to the best of it's knowledge and belief, as disclosed in Note 36(i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The Management has also represented that, to the best of it's knowledge and belief, as disclosed in Note 36(j) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or investin other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

e) (i) The Equity dividend recommended for the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.

(ii) The interim dividend declared and paid by the Company on Redeemable, Cumulative, Preference Shares during the current year is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.



Report on Other Legal and Regulatory Requirements (continued)

(iii) As stated in Note 57 to the financial statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.

f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

for **CSK Prabhu & Co.**
Chartered Accountants
Firm's Registration No: 002485S

Mahesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

Coimbatore
26 May 2023

Sakthi Finance Limited
Annexure A to the Independent Auditor's Report

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

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Financial Statements for the year ended 31 March 2023, we report the following:

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

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

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

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

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

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 36(d) to the financial statements.

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

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

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

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

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

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("**NBFC**") registered with Reserve Bank of India ("**RBI**") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("**NPAs**"), in accordance with the provisions of the applicable Accounting Standards as disclosed in Note 49.5 to the Financial Statements and as per Accounting Policy described in Note 2.g.(v) to the Financial Statements and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("**RBI**") Guidelines/Directions have been followed in this respect. The total amount overdue for more than ninety days identified as at 31 March 2023 is as follows: Number of such Overdue Receivables is 2,252 cases (Previous Year 2,229 cases), Principal Amount Overdue is Rs.3,470.53 Lakhs (Previous Year: Rs.3,738.65 Lakhs), Interest Amount Overdue is Rs.738.07 Lakhs (Previous Year: Rs.778.13 Lakhs) and Total Amount Overdue is Rs.4,208.60 Lakhs (Previous Year: Rs.4,516.78 Lakhs).

(e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2023 stood at Rs.89.42 lakhs (Previous Year: Rs.92.48 lakhs) representing 0.07% (Previous Year 0.08%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of

Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

(iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act. The other provisions of Section 186 of the Act are not applicable to the Company as the Company is a Non-Banking Financial Company Registered with RBI.

(v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("**NBFC**") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

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

Name of the statue	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax	9.83*	2011-12	Assessing Officer

Income Tax Act, 1961	Income tax	174.92 (Gross Demand 217.16 * Less: Amount deposited under protest 42.24)	2015-16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	1939.04 (Gross Demand 2082.34 * Less: Amount deposited under protest 143.30)	October 2009 to June 2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

* excluding appropriate Interest not determined

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause (3)(ix)(f) of the Order is not applicable.

(x) (a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under report.

(xi) (a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit. Further we have not been informed of any such case by the management.

(b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a Nidhi Company.Accordingly, Clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 43 of Financial Statements)

(xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered all the internal audit reports issued to the Company for the period under audit.

(xv) According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.

(xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.

(b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("**CoR**") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company ("**CIC**") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.

(d) Based on the information and explanations provided to us by the management of the Company,

the Group does not have any CICs as part of the Group.

(xvii) The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.

(xviii) There has been no resignation of Statutory Auditors of the Company during the year.

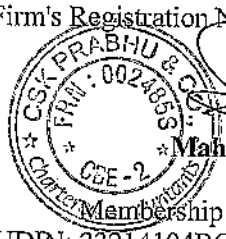
(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 38 and Note 45 (Liquidity Risk) to the financial statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

(b) On the basis of information and explanations given to us by the Company, the Company has no on-going projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 37 to the financial statements).

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

for **CSK Prabhu & Co**
Chartered Accountants
Firm's Registration No: 002485S



Mahesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

Coimbatore
26 May 2023

Sakthi Finance Limited
Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act
(Referred to in paragraph 19(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

1. We have audited the internal financial controls with reference to Financial Statements of Sakthi Finance Limited (**"the Company"**) as at 31 March 2023 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.

2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the **"Guidance Note"**).

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

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

Auditor's Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

Auditor's Responsibility (continued)

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for ouraudit 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 ofunauthorized 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's Registration No: 002485S

Mahesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

Coimbatore
26 May 2023

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2023

(₹ Lakhs)

Particulars	Note	As at 31st March 2023	As at 31st March 2022
ASSETS			
Financial Assets			
Cash and Cash Equivalents	3	3,002.79	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	42.91	1,129.31
Derivative Financial Instruments		-	-
Receivables	5		
(i) Trade Receivables		226.21	169.25
(ii) Other Receivables		18.39	16.56
Loans	6	1,14,500.10	1,10,311.20
Investments	7	1,344.51	2,487.88
Other Financial Assets	8	1,288.55	1,712.91
Non-Financial Assets			
Current tax Assets (net)		33.15	17.40
Deferred tax Assets (net)	9	395.30	217.94
Investment Property	10	270.61	275.21
Property Plant and Equipment	11 (a)	5,844.58	5,946.63
Right of use assets	11 (b)	1,059.12	1,093.60
Intangible Assets under development	11 (c)	-	-
Other Intangible Assets	11 (d)	156.58	179.46
Other Non-Financial Assets	12	1,875.19	1,936.14
Total Assets		1,30,057.99	1,26,943.00
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	13		
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	127.76
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		193.26	175.13
Debt Securities	14	48,792.43	41,560.04
Borrowings (Other than debt securities)	15	14,654.08	15,565.69
Deposits	16	2,444.17	8,540.60
Subordinated Liabilities	17	41,512.40	39,530.77
Other Financial Liabilities	18	1,384.96	1,426.14

BALANCE SHEET AS AT 31ST MARCH 2023 (CONTD...)

(₹ Lakhs)

Particulars	Note	As at 31st March 2023	As at 31st March 2022
Non-Financial Liabilities			
Provisions	19	**135.49**	122.65
Other Non-Financial Liabilities	20	**97.78**	99.55
EQUITY			
Equity Share Capital	21	**6,470.59**	6,470.59
Other Equity	22	**14,216.68**	13,323.80
Total Liabilities and Equity		**1,30,057.99**	1,26,943.00
The accompanying Notes form an integral part of the Financial Statements	1 -59		

As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.: 002485S

MAHESH PRABHU
Partner
Membership No. 214194

Place : Coimbatore
Date : 26th May 2023

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
REVENUE FROM OPERATIONS			
Interest Income	23	18,476.72	17,566.97
Lease Rental Income		30.94	29.62
Fees and Commission Income	24	459.47	321.49
Sale of power from Wind Mills	25	173.13	177.88
Recovery of Bad Debts		40.34	37.75
Total Revenue from operations		19,180.60	18,133.71
Other Income	26	13.37	1.40
Total Income		19,193.97	18,135.11
Expenses			
Finance Costs	27	10,926.13	10,775.85
Fees and commission expense		107.44	183.02
Impairment on financial instruments	28	926.07	1,034.37
Employee Benefit Expenses	29 & 43	3,246.21	2,895.60
Depreciation and Amortization Expense	10, 11, 30	546.93	491.07
Other Expenses	31	1,705.22	1,463.16
Total Expenses		17,458.00	16,843.07
Profit before Exceptional and Extraordinary Items and Tax		1,735.97	1,292.04
Exceptional Items		-	-
Profit before Tax		1,735.97	1,292.04
Tax Expense:	41	486.60	340.16
- Current Tax		674.65	601.09
- Deferred Tax		(188.05)	(260.93)
Profit for the year		1,249.37	951.88
Other Comprehensive Income	22		
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		36.38	22.78
- Actuarial Changes in Defined benefit obligation		6.06	13.95
- Income Tax relating to items that will not be reclassified to profit or loss		(10.68)	(3.51)
Sub Total (A)		31.76	33.22
(B) Items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income (A+B)		31.76	33.22
Total Comprehensive Income		1,281.13	985.10
Earnings per Equity Share	2(ab) & 44		
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.98	1.52
- Diluted (₹)		1.98	1.52
The accompanying Notes form an integral part of the financial statements	1-59		

As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No. : 002485S

CSK PRABHU & CO. FRN : 002485S CBE - 2 Chartered Accountants

MAHESH PRABHU
Partner
Membership No. 214194
Place : Coimbatore
Date : 26th May 2023

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAKTHI FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

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

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting year	6,470.59	6,470.59

B. OTHER EQUITY (Refer Note 22)
(1) Current reporting year (1st April 2022 to 31st March 2023)

(₹ Lakhs)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)

(2) Previous reporting year (1st April-2021 TO 31st March 2022)

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-IC of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefit obligations		
Balance at the beginning of the current reporting period 1st April 2021	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	-	(36.98)	-	-	-	13.93	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	-	(36.98)	-	-	-	13.93	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	-	951.88	-	22.78	-	-	-	10.44	-	985.10
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	190.38	(190.38)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	-	(14.20)	-	-	-	24.37	-	13,323.80

See accompanying Notes to the Financial Statements

As per our report of even date

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

CSK PRABHU & CO. FRN : 002485S CBE-2 Chartered Accountants

MAHESH PRABHU
Partner
Membership No. 214194

Place : Coimbatore
Date : 26th May 2023

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flow from Operating activities			
Profit before tax		**1,735.97**	1,292.04
Adjustment to reconcile profit before tax to net cash flows :			
Non-cash expenses			
Depreciation, amortisation	30	**546.93**	491.07
Impairment on Loan Assets	28	**680.88**	878.54
Bad debts and write-offs	28	**233.77**	157.35
Remeasurement gain/(loss) on defined benefit plans		**6.06**	13.95
Impairment on investments	28	**4.75**	3.17
Impairment on Trade receivables	28	**6.67**	(4.69)
Amortization of fees and Commission on financial liabilities		**172.69**	268.34
Income/expenses considered separately			
Income from investing activities		**(173.87)**	(377.04)
Net gain/loss on derecognition of property, plant and equipment	31	**2.39**	0.12
Finance costs	27	**10,926.13**	10,775.85
Operating profit before working capital changes		**14,142.37**	13,498.70
Movements in Working Capital:			
Decrease/(increase) in Loans		**(5,103.55)**	(1,993.36)
Decrease / (increase) in Trade receivables		**(63.63)**	17.85
Decrease / (increase) in Other receivables		**(1.83)**	(13.04)
Decrease / (increase) in Other financial assets		**444.19**	134.35
Decrease / (increase) in Other non-financial assets		**70.04**	(1,587.65)
Increase / (decrease) in Trade Payables		**28.11**	(15.84)
Increase / (decrease) in Other Payables		**18.13**	23.65
Increase / (decrease) in Other financial liabilities		**(27.93)**	(300.77)
Increase / (decrease) in Other non- financial liabilities		**(1.77)**	31.09
Increase /(decrease) in Provisions		**12.84**	4.56
Cash generated from operations		**(4,625.40)**	(3,699.16)
Income taxes paid (net of refunds)		**(690.40)**	(665.78)
Interest received on Bank deposits	23	**18.00**	158.80
Finance costs paid		**(9,007.44)**	(9,082.00)
Net Cash flows from / (used in) operating activities (A)		**(162.87)**	210.56
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	11	**(389.43)**	(324.69)
Proceeds from sale of investments at amortised cost		**1,185.67**	200.00
Proceeds from sale of property, plant and equipment and intangible assets		**4.11**	0.03
Interest income received from investment at amortised cost	23	**145.20**	218.24
Increase in earmarked balances with banks		**1,086.40**	(753.52)
Net cash flows from / (used in) investing activities (B)		**2,031.95**	(659.94)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue Expense of Debt Securities		(9.09)	(12.78)
Proceeds from Debt securities		15,600.00	18,779.68
Repayment of Debt securities		(8,407.36)	(5,990.96)
Repayment of Deposits		(6,114.07)	(8,601.79)
Repayment of Other than debt securities		(2,421.07)	(3,528.23)
Proceeds from Subordinated liabilities		-	5,090.47
Repayment of Subordinated liabilities		33.83	(763.89)
(Increase) / Decrease in loan repayable on demand		1,443.79	(4,050.93)
Lease liability paid		(53.59)	1.45
Dividend paid	21	(388.24)	(388.24)
Net cash flows from financing activities (C)		(315.80)	534.78
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		1,553.28	85.40
Cash and Cash Equivalents at the beginning of the year		1,449.51	1,364.11
Cash and cash equivalents as at the year ended		3,002.79	1,449.51
Net cash provided by / (used in) Operating Activities includes:			
Interest received		18,313.52	17,189.93
Interest paid		(9,007.44)	(9,082.00)
Net cash provided by / (used in) operating activities		9,306.08	8,107.93
Cash and cash equivalents as at the year ended	3		
i) Cash in hand		189.80	270.41
ii) Cheques on hand		106.58	48.71
iii) Balances with banks (of the nature of cash and cash equivalents)		2,706.41	1,130.39
Total		3,002.79	1,449.51

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

As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No. : 002485S

CSK PRABHU & CO. FRN : 002485S CBE-2 Chartered Accountants

MAHESH PRABHU
Partner
Membership No. 214194

Place : Coimbatore
Date : 26th May 2023

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

For and on behalf of the Board

M. MANICKAM
Chairman
DIN : 00102233

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

1. Company Overview

Sakthi Finance Limited (**"SFL"** or **"the Company"**) with Corporate Identification No L65910TZ1955PLC000145 incorporated on 30th March 1955 under the Indian Companies Act 1913 and domiciled in Coimbatore, is a Public Limited Company situated in Coimbatore. The Registered Office of the Company is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018.

The Company is a Systemically Important Deposit-taking Non-Banking Financial Company (**"NBFC"**) registered under Sec 45-IA of the Reserve Bank of India (**"RBI"**) Act 1934 under certificate No. 07-00252 dated 8th May 1998.Pursuant to RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company (**"NBFC-ICC"**). The Company is primarily engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have, at their meeting held on 26th May 2023, approved and authorized the issue of these Financial statements of the Company for the year ended 31st March 2023.

2. Summary of Significant Accounting Policies

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (**"Ind AS"**) as per the Companies (Indian Accounting Standards) Rules 2015, as amended and notified under Section 133 of the Companies Act 2013 (**"the Act"**) and is in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act as applicable. Further, the Company has also complied with the Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 (**"the NBFC Master Directions"**), as amended and the notification on implementation of Indian Accounting Standards vide circular RBI/2019-20/170DOR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 (**'RBI Notification on Implementation of Ind AS'**) issued by RBI.

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

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

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

b. Basis of Preparation and Measurement

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

c. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs (**"MCA"**). Financial assets and financial liabilities are generally reported gross in the balance sheet.

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

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

d. Functional and Presentation Currency

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

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

e. Significant accounting judgments, estimates and assumptions

Use of Estimates, Judgments and Estimation uncertainty

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

The use of estimates and assumptions, which might have an effect on these financial statements.

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

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

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

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

(i) Business Model Assessment

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

(ii) Defined employee benefit obligations

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

All assumptions are reviewed annually.

(iii) Fair value measurement

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

(iv) Impairment of loans portfolio

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

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

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

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

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant

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

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

f. New Accounting Standards issued but not yet effective / Recent Accounting Development

Ministry of Corporate Affairs ("MCA") has notified the following new amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2023.

(i) Ind AS - 1 Presentation of Financial Instruments

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information together with other information is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(ii) Ind AS - 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(iii) Ind AS - 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

(iv) Ind AS - 102 Share Based Payments

The amendment regarding the change in the placement of a footnote aims in providing better clarity and context within the standard. The Company does not expect this amendment to have any significant impact in its financial statements.

(v) Ind AS - 107 Financial Instruments: Disclosures

The amendment aims to modify the disclosure requirements complementary to the amendments proposed in Ind AS 1. The Company does not expect this amendment to have any significant impact in its financial statements.

g. Financial Instruments

i. Initial Recognition and Measurement

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

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

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

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

ii. Classification and subsequent Measurement

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

a) At amortised cost

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

c) At Fair Value Through Profit or Loss (**"FVTPL"**)

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

Financial Assets at Amortised Cost

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

FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

Business Model Assessment

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

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

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

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

For that purpose:

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

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

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

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

Financial Assets at FVTOCI

Equity instruments

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

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

Financial Liabilities at Amortised Cost

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

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

iii. Reclassification of Financial Instrument

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

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

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

Recognition of Financial Instrument

- Loans and Advances are initially recognised when the when agreements are entered into with borrowers.
- Investments are initially recognised on the settlement / delivery date.

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

iv. Derecognition of Financial Instrument

Financial Assets

The Company derecognises the Financial Asset when and only when:

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

A transfer qualifies for derecognition only if either :

a. the Company has transferred substantially all the risks and rewards of the asset, or

b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between:

a. the carrying amount (measured at the date of derecognition) and

b. the consideration received is recognised in the statement of profit and loss.

Financial Liabilities

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

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

On derecognition of a financial liability, the difference between:

a. the carrying amount and

b. the consideration paid is recognised in the statement of profit and loss.

v. Impairment of Financial Assets

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

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

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

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

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

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

The Company incorporates forward-looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its

measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

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

Significant increase in credit risk

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

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

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

Stage 1

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

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

Stage 2

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

Stage 3

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

Definition of default

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

Credit-impaired financial assets

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

ECL on Investment in Government securities

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

Simplified approach for trade/other receivables

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

vi. Offsetting of Financial Instruments

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

h. Collateral Valuation and Repossession

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

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

i. Write-offs

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

j. Undrawn Loan Commitments

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

k. Fair Value Measurement

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

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

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

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

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

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

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

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

a. the nature, characteristics and risks of the asset or liability; and

b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument by instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

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

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

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

a. it is probable that future economic benefits associated with the item will flow to the Company; and

b. the cost of the item can be measured reliably.

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

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

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

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

Depreciation

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

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

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

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

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

m. Intangible Assets and Amortisation

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

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

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

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

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of

the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

n. Investment Property

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

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

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

o. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss if any, at the end of each reporting period.

p. Segment Reporting

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

q. Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plan

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

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

Defined Benefit Plans

Gratuity

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

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

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

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets(excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or loss.

r. Revenue Recognition

i. Recognition of Interest Income on loans

The Company recognises interest income using EIR on all financial assets measured at amortised cost.

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

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

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

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ii. Dividend Income

Dividend income on equity shares is recognized when the Company's' right to receive the payment is established by the reporting date and no significant uncertainty as to its collectability exists.

iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. The Company recognises income on recoveries of financial assets written off on realisation basis.

iv. Rental Income

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

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

v. Fees and Commission Income

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

vi. Sale of Power from Windmills

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

vii. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

s. Foreign Currency Transaction

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

Transactions in currencies other than the Company's functional currency are recorded on initial recognition

using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are translated at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

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

t. Borrowing Costs

Borrowing costs include interest expense calculated using the "EIR" as per Ind AS 109 on 'Financial instruments' and interest in respect of lease liability is recognised in accordance with Ind AS 116.

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

u. Finance costs

Finance costs include Interest Expenses computed by applying the "EIR" on the respective financial instruments measured at amortised cost. Financial Instruments include outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

v. Income Taxes

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

i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

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

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

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

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

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

w. Goods and Services Input Tax Credit

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

x. Leases

As a Lessee

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

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

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental borrowing rate. The lease liability is measured in subsequent periods using the effective interest rate method. Right of Use asset is depreciated in accordance with the requirements of Ind AS 16 Property, Plant and Equipment.

The company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets

that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

As a Lessor

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

y. Provisions Contingent Liabilities and Contingent Assets

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

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

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

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

z. Cash and Cash Equivalents

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

aa. Cash Flow Statement

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

ab. Earnings Per Share ("EPS")

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

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

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

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
3. CASH AND CASH EQUIVALENTS		
Cash on hand	189.80	270.41
Balance with Banks in Current Accounts	2,706.41	1,130.39
Cheques, drafts on hand	106.58	48.71
Total	3,002.79	1,449.51
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts*	42.91	46.52
Term Deposits with Banks :		
- Free	-	900.00
- Under Lien #	-	182.79
Total	42.91	1,129.31

 # Details of Term Deposits under lien

Particulars	As at 31st March 2023		As at 31st March 2022	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets**	-	-	182.79	9.20
Total	-	-	182.79	9.20

* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the Company.

** Includes minimum bank balance

5. RECEIVABLES		
(i) Trade Receivables		
Unsecured - Considered good		
- Unsecured - Considered good	101.83	97.37
- Unsecured - Credit Impaired	175.53	116.35
Less: Impairment Loss Allowance (Refer Note 2(g)(v))	(51.15)	(44.47)
Total	226.21	169.25
(ii) Other Receivables		
Unsecured - Considered good		
Rent Receivables	18.39	16.56
Total	18.39	16.56

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

Trade Receivables Ageing Schedule as at 31st March 2023

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	25.24	76.59	-	-	-	101.83
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-		-
Undisputed Trade Receivables – credit impaired	-	-	-	91.47	83.57	0.49	175.53
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(5.67)	(20.30)	(16.98)	(8.15)	(0.05)	(51.15)

Trade Receivables Ageing Schedule as at 31st March 2022

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(4.66)	(19.59)	(18.71)	(1.51)	-	(44.47)

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Impairment Loss Allowance - Opening	44.47	49.16
Add: Additions during the year	25.98	22.58
(Less): Reductions during the year	(19.30)	(27.27)
Impairment Loss Allowance - Closing	51.15	44.47

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
6. LOANS		
(A) Loans (at amortised cost) *		
Hire Purchase Loans#	1,18,495.88	1,14,406.27
Loans Repayable on Demand	897.82	105.56
Other Loans ##	298.54	310.64
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net)	1,14,500.10	1,10,311.20
(B) (i) Secured by Tangible Assets Financed	1,18,495.88	1,14,406.27
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Securities	-	-
(iv) Unsecured	1,196.36	416.20
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net)	1,14,500.10	1,10,311.20
(C) (i) Loans in India		
(a) Public Sector		
(b) Others	1,19,692.24	1,14,822.47
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net) - C (i)	1,14,500.10	1,10,311.20
(ii) Loans Outside in India	-	-
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ ii)	1,14,500.10	1,10,311.20

* There are no loan assets measured or designated at FVTOCI or FVTPL

Includes Repossessed Assets (Refer Note 2(h)) and Related Party Transactions (Refer Note 43)

Represents Staff Loans

Refer Note 45 on Financial Risk Management Framework for an overview of Stagewise Classification of Gross Carrying Amount and Expected Credit Loss of Loan Assets.

(₹ Lakhs)

Particulars	Number	Face Value per unit (₹)	As at 31st March 2023	As at 31st March 2022
7. INVESTMENTS				
At Amortised Cost				
Investments in Government Securities				
Quoted				
Bonds of Central and State Governments #	11,93,000	100	1,194.69	2,374.44
Total (A)			1,194.69	2,374.44
At Fair value through Other Comprehensive Income				
Quoted				
Investments in Equity Instruments (Refer Note 2(g)(ii))				
Sakthi Sugars Limited	5,52,833	10	111.45	75.07
Chokhani International Limited	100	10	0.02	0.02
Total (B)			111.47	75.09
Unquoted				
Investments in Equity Instruments				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Stiles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
Total (C)			38.41	38.41
Total (Gross) - (A+B+C)			1,344.57	2,487.94
(i) Investments Outside India			-	-
(ii) Investments In India			1,344.57	2,487.94
Total			1,344.57	2,487.94
Less: Impairment Loss Allowance			0.06	0.06
Total (Net)			1,344.51	2,487.88

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.

8. OTHER FINANCIAL ASSETS		
- Interest accrued on Government Securities	22.82	52.71
- Interest accrued on Term Deposits		
- Free	-	4.84
- Under Lien (Refer Note 4)	-	9.20
- Security Deposits	235.10	260.20
- Other Loans and Advances	1,022.85	1,370.36
- Advance to Employees	7.78	15.60
Total	1,288.55	1,712.91

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
9. DEFERRED TAX ASSETS (net)*		
a. Application of Expected Credit Loss on Financial Assets	**1,109.27**	982.42
b. Employee benefit expenses	**34.10**	30.87
c. Right of Use Assets and Lease Liabilities	**5.73**	7.84
d. Application of EIR on Financial Liabilities	**(50.03)**	(64.83)
e. Differences in carrying amount of Property, Plant and Equipment	**(703.77)**	(738.36)
Total	**395.30**	217.94

* Refer Note 41

10. a) INVESTMENT PROPERTY*

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2021	**66.87**	**226.74**	**293.61**
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	**66.87**	**226.74**	**293.61**
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2023	**66.87**	**226.74**	**293.61**
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2021	-	**13.80**	**13.80**
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	**18.40**	**18.40**
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2023	-	**23.00**	**23.00**
Net Carrying amount			
As at 31st March 2022	**66.87**	**208.34**	**275.21**
As at 31st March 2023	**66.87**	**203.74**	**270.61**
Useful Life of the Asset (In Years)	-	**60**	-

*Refer Note 2(n)

10. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Rental Income - Building	-	2.32
Direct operating expenses	**1.35**	0.42

10.c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at 31st March 2023	**Professional valuer**	**Price per Square Feet**	**₹ 2,500 - 5,000 per Square Feet**	**5%**	**370**	**19**
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

11 (a) Property, Plant and Equipment - Tangible Assets*

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2021	**2,764.91**	**1,712.89**	**94.21**	**1,615.39**	**337.20**	**97.16**	**210.93**	**6,832.69**
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	**2,766.47**	**1,712.89**	**98.18**	**1,615.39**	**359.99**	**97.16**	**248.96**	**6,899.04**
Additions	-	17.28	27.54	-	22.31	-	86.53	153.66
Disposals	-	1.29	6.88	-	3.39	0.47	3.28	15.31
Carrying Amount as at 31st March 2023	**2,766.47**	**1,728.88**	**118.84**	**1,615.39**	**378.91**	**96.69**	**332.21**	**7,037.39**
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2021	-	**162.00**	**22.45**	**313.71**	**99.88**	**39.56**	**72.80**	**710.40**
Depreciation for the year	-	49.32	8.01	104.57	36.52	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	**211.32**	**30.38**	**418.28**	**136.40**	**52.27**	**103.76**	**952.41**
Depreciation for the year	-	47.99	8.39	104.57	37.87	11.36	39.02	249.20
Depreciation on disposals	-	0.09	4.18	-	1.97	0.17	2.39	8.80
Balance as at 31st March 2023	-	**259.22**	**34.59**	**522.85**	**172.30**	**63.46**	**140.39**	**1,192.81**
Net Carrying amount								
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
As at 31st March 2023	**2,766.47**	**1,469.66**	**84.25**	**1,092.54**	**206.61**	**33.23**	**191.82**	**5,844.58**
Useful Life of the Asset (In Years)	-	**60**	**15**	**22**	**10**	**8**	**10**	

*Refer Note 2(l) & 36(a)

The Company has not revalued any of its Property, Plant and Equipment during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

Freehold land is not depreciated

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2023 (Refer Note 14 & 15)

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
As at 31st March 2023	**173.80**	**1,317.74**	-	-	-	-	-	**1,491.54**
As at 31st March 2022	173.80	1,347.64	-	-	-	-	-	**1,521.44**

Capital Work in Progress (CWIP) ageing schedule
As at 31st March 2023

(₹ Lakhs)

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

11 (b) Right of use Assets*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	**1,484.56**
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	**1,725.38**
Additions	220.17
Disposals	-
Carrying Amount as at 31st March 2023	**1,945.55**
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	**631.78**
Depreciation for the year	254.65
Depreciation on Disposals	-
Balance as at 31st March 2023	**886.43**
Net Carrying amount	
As at 31st March 2022	**1,093.60**
As at 31st March 2023	**1,059.12**
Useful Life of the Asset (In Years)	3

*Refer Note 2(x) & Refer Note 48

The above note provides information for leases where the Company is a lessee.

The Company has not revalued any of its Right of Use Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

11 (c) Intangible Assets under development*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	**86.27**
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
Additions	-
Disposals	-
Carrying Amount as at 31st March 2023	-
As at 31st March 2022	-
As at 31st March 2023	-

Intangible Assets under Development ageing schedule

As at 31st March 2023

(₹ Lakhs)

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

*Refer Note 2(m)

11 (d) Other Intangible Assets - Computer Software*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	278.86
Additions	103.56
Disposals	-
Carrying Amount as at 31st March 2022	**382.42**
Additions	15.60
Disposals	-
Carrying Amount as at 31st March 2023	**398.02**
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	**176.29**
Depreciation for the year	26.67
Depreciation on disposals	-
Balance as at 31st March 2022	**202.96**
Depreciation for the year	38.48
Depreciation on disposals	-
Balance as at 31st March 2023	**241.44**
Net Carrying amount	
As at 31st March 2022	**179.46**
As at 31st March 2023	**156.58**
Useful Life of the Asset (In Years)	**6**

*Refer Note 2(m)

The Company has not revalued any of its Intangible Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
12. OTHER NON-FINANCIAL ASSETS		
Considered good-Unsecured		
- Advance for Property, Plant and Equipment	**1,500.00**	1,500.00
- Prepaid Expenses	**62.65**	124.34
- GST Input Tax Credit	**289.33**	289.17
- NCD Public Issue Expenses	**21.87**	12.78
- Others	**1.34**	9.85
Total	**1,875.19**	1,936.14

Refer Note 43 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

LIABILITIES AND EQUITY

13. PAYABLES

(I) Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	0.28
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	**156.15**	127.76
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	**193.26**	175.13
Total	**349.41**	303.17

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act,2006 (**"MSMED Act"**) the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	0.28
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Total	-	0.28

Trade Payables Ageing Schedule as at 31st March 2023

(₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	-	349.41	-	-	-	349.41
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Trade Payables Ageing Schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	0.28	-	-	-	0.28
Others	-	302.89	-	-	-	302.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Particulars	As at 31st March 2023	As at 31st March 2022
14. DEBT SECURITIES		
At Amortised Cost		
Redeemable, Non-Convertible Debentures - Secured	48,792.43	41,560.04
Total	48,792.43	41,560.04
Debt Securities in India	48,792.43	41,560.04
Debt Securities outside India	-	-
Total	48,792.43	41,560.04

Note:

i. There are no debt securities measured at FVTOCI or designated at FVTPL.

ii. The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹ **53,357.41 lakhs** (31st March 2022: ₹ 45,051.25 Lakhs).

iii. For Debt securities subscribed and held by the related parties, Refer Note 43

Details of Redeemable, Non-Convertible Debentures - Secured:

Particulars	As at 31st March 2023	As at 31st March 2022
A. Issued on private placement basis - Face Value of Rs 1,000/-		
- Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	4,935.30	3,920.00
Maturing between 1 to 2 years	3,426.50	3,938.30
Maturing between 2 to 3 years	2,147.00	2,454.50
Maturing between 3 to 4 years	175.00	-
Maturing between 4 to 5 years	1,309.00	-
Sub-Total (A)	11,992.80	10,312.80
Add : Interest accrued but not due	472.26	454.95
Less: unamortized charges	60.71	44.46
(A) Total Amortized Cost	12,404.35	10,723.29

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
B) Public Issue - Face value of ₹1,000/-		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	**11,652.10**	5,324.98
Maturing between 1 years to 2 years	**8,591.88**	11,652.10
Maturing between 2 years to 3 years	**6,766.39**	6,530.39
Maturing between 3 years to 4 years	**353.94**	5,673.13
Maturing between 4 years to 5 years	**6,491.31**	-
Sub-Total (B)	**33,855.62**	29,180.60
Add : Interest accrued but not due	**2,923.43**	1,999.49
Less: unamortized charges	**390.97**	343.34
(B)Total Amortized Cost	**36,388.08**	30,836.75
TOTAL (A)+(B)	**48,792.43**	41,560.04
Total Amortized Cost (A + B)	**48,792.43**	41,560.04

15. BORROWINGS (OTHER THAN DEBT SECURITIES)*

At amortized cost		
Term Loans -Secured		
- From Banks	**2,408.38**	3,810.72
- From Other Lenders	**287.79**	1,240.84
Loan Repayable on Demand		
- Cash Credit Facilities and Working Capital Demand Loan from Banks (Secured)	**11,957.91**	10,514.13
Total	**14,654.08**	15,565.69
Borrowings in India	**14,654.08**	15,565.69
Borrowings outside India	**-**	-
Total	**14,654.08**	15,565.69

There are no borrowings measured at FVTOCI or designated at FVTPL.

*Refer Note 36 (e) & 36 (f).

a) Term loans from Banks are secured as under :

i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	**2,333.95**	3,365.80
2	600.00	7.25%	30.11.2020	30.04.2022			**-**	22.00
						Add : Interest accrued but not due	**-**	-
						Less: unamortized charges	**29.92**	43.22
						Total Amortized Cost	**2,304.03**	3,344.58

ii) IndusInd Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3	Hypothecation of specified Hire Purchase receivables	68.62	303.81
2	350.00	12.00%	04.03.2020	04.06.2023	3		34.81	161.69
						Add : Interest accrued but not due	0.92	4.13
						Less: unamortized charges	-	3.49
						Total Amortized Cost	**104.35**	466.14

b) Term loans from other Lenders are secured as under:

i) Shriram Transport Finance Company Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	252.42	826.37
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		33.46	408.04
						Add : Interest accrued but not due	2.74	11.43
						Less: unamortized charges	0.83	5.00
						Total Amortized Cost	**287.79**	1,240.84

c) Loans repayable on demand - Cash credit facilities with banks (secured)

(₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.85%	11,965.61	9.65 % to 12.25%	10,516.14
Add : Interest accrued but not due		34.69		25.77
Less: unamortized charges		42.39		27.78
Total Amortized Cost		**11,957.91**		10,514.13

The cash credit facilities and Working Capital Demand Loan from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The company has also extended collateral security of Company's Building and land belonging to a Director..

d) There is no default in repayment of loans and interest thereon.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
16. DEPOSITS (UNSECURED)		
At amortized cost		
Public Deposits	**2,444.17**	8,540.60
Total	**2,444.17**	8,540.60

There are no Deposits measured at FVTOCI or designated at FVTPL

Details of Deposits - Unsecured :

Particulars	As at 31st March 2023	As at 31st March 2022
- Repayable on maturity:		
Interest Range 8.25% to 9%		
Maturing within 1 year	**2,168.62**	5,544.55
Maturing between 1 to 2 years	-	2,217.84
Sub-Total	**2,168.62**	7,762.39
Add : Interest accrued but not due	**279.18**	799.48
Less: unamortized charges	**3.63**	21.27
Total Amortized Cost	**2,444.17**	8,540.60

For Deposits repaid to related parties, Refer Note 43

17. SUB-ORDINATED LIABILITIES (UNSECURED)		
At amortized cost		
Redeemable, Non-Convertible Debentures - Unsecured	**12,281.44**	11,640.38
Redeemable Cumulative Preference Shares ("RCPS")	**1,495.30**	1,490.29
Sub-Ordinated Liabilities	**27,735.66**	26,400.10
Total	**41,512.40**	39,530.77
Sub-Ordinated Liabilities in India	**41,512.40**	39,530.77
Sub-Ordinated Liabilities outside India	-	-
Total	**41,512.40**	39,530.77

There are no Sub- ordinated liabilities measured at FVTOCI or designated at FVTPL

Terms/rights attached to RCPS

The RCPS do not have voting rights other than matters which directly affect them. In the event of dividend payable remains unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights *vis a vis* equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2023, the Company declared and paid an interim dividend of ₹ **123.75** lakhs after deduction of TDS of ₹ **5.09 lakhs** on RCPS of ₹ 100 each fully paid (31st March 2022 : ₹ 134.06 lakhs)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

Details of Sub-Ordinated Liabilities - Unsecured :

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
A) Redeemable Non-Convertible Debentures - Unsecured :		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 years to 2 years	4,374.80	-
Maturing between 2 years to 3 years	1,603.70	4,374.80
Maturing between 3 years to 4 years	4,759.47	1,603.70
Maturing between 4 years to 5 years	-	4,759.47
Sub-Total (A)	10,737.97	10,737.97
B) Preference Shares		
Repayable on maturity:		
8.25% Redeemable Preference Shares		
Maturing within 1 year	1,169.00	-
Maturing between 2 years to 3 years	331.00	1,500.00
Sub-Total (B)	1,500.00	1,500.00
C) Sub-Ordinated Debts		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing within 1 year	9,914.40	-
Maturing between 1 to 2 years	12,221.80	9,914.40
Maturing between 2 to 3 years	1,244.40	12,221.80
Maturing between 3 to 4 years	-	1,244.40
Sub-Total (C)	23,380.60	23,380.60
Sub-Total (A+B+C)	35,618.57	35,618.57
Add : Interest accrued but not due		
A) Redeemable Non-Convertible Debentures - Unsecured	1,637.06	1,027.31
B) Preference Shares	-	-
C) Sub-Ordinated Debts	4,411.64	3,122.15
Less: Unamortized charges		
A) Redeemable Non-Convertible Debentures - Unsecured	93.59	124.89
A) Preference Shares	4.70	9.71
B) Sub-Ordinated Debts	56.58	102.66
Total amortized cost	41,512.40	39,530.77

In respect of Sub-Ordinated Liabilities held by related parties, Refer Note 43

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
18. OTHER FINANCIAL LIABILITIES		
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed dividends	42.80	46.42
- Unclaimed matured deposits and Interest accrued thereon	258.78	251.20
- Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	21.78	25.41
- Unclaimed matured debentures and Interest accrued thereon	38.73	180.40
- Unclaimed Redeemable Cumulative Preference Shares	13.00	13.00
Advances from Customers	487.73	450.33
Security Deposits	149.22	73.21
Lease Liabilities - Refer Note No 48	372.92	386.17
Total	1,384.96	1,426.14

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

19. PROVISIONS		
Provision for Employee Benefits		
Provision for bonus	67.41	53.00
Provision for gratuity (net) (Refer Note 42)	8.84	8.69
Provision for leave encashment (Refer Note 42)	59.24	60.96
Total	135.49	122.65
20. OTHER NON-FINANCIAL LIABILITIES		
Tax Deducted at source	97.78	99.55
Total	97.78	99.55
21. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each	10,000.00	10,000.00
(FY 2022 : 10,00,00,000 Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
(FY 2022 : 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)		
	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	6,470.59	6,470.59
(FY 2022 : 6,47,05,882 Equity Shares of ₹ 10 each)		
	6,470.59	6,470.59

Shares held by promoters as at 31st March 2023 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

Shares held by promoters as at 31st March 2022 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

a) Reconciliation of shares outstanding at the beginning and end of the year

(₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	**6,47,05,882**	**6,470.59**	6,47,05,882	6,470.59
Add: Allotment of Equity Share on preferential basis made during the year	-	-	-	-
Number of Shares at the end of the year	**6,47,05,882**	**6,470.59**	6,47,05,882	6,470.59

Aggregate number of equity shares issued for consideration other than cash / Bonus shares issued during the year : Nil
Aggregate number of equity shares bought back by the Company during the year : Nil

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2023		As at 31st March 2022	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
Sakthifinance Financial Services Limited	**19.19**	**1,24,20,000**	19.19	1,24,20,000
ABT Investments (India) Private Limited	**13.49**	**87,27,400**	13.49	87,27,400
Sakthi Financial Services (Cochin) Private Limited	**11.06**	**71,57,128**	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	**8.69**	**56,24,208**	8.69	56,24,208
Sakthi Management Services (Coimbatore) Limited	**6.70**	**43,35,434**	6.70	43,35,434
Bridgewater Investment Corporation Limited	**6.88**	**44,50,000**	6.88	44,50,000
The Gounder and Company Auto Limited	**6.07**	**39,25,000**	6.07	39,25,000
ABT Finance Limited	**5.15**	**33,31,162**	5.15	33,31,162

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting and the dividend amount has not been recognised as a liability in Financial Statements. The Board of Directors have, at their meeting held on 26th May 2023,recommended for consideration a dividend of 7 per cent, ₹ 0.70 per share (Dividend for 31st March 2022 : ₹0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The proposed dividend for the Financial Year 2022-23 adheres to the ceiling limits on dividend payout ratios for NBFCs, as prescribed by the Reserve Bank of India in Notification RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated 24th June 2021.

Details of Dividends proposed

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Face Value per share (₹)	**10.00**	10.00
Dividend Percentage	**7%**	6%
Dividend per Share (₹)	**0.70**	0.60
Dividend on equity shares	**452.94**	388.24
Total Dividend	**452.94**	388.24

Note : The dividends proposed for the financial year 31st March 2023 will be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
22. OTHER EQUITY		
Reserves and Surplus		
Capital Reserve		
Balance as at the Opening and Closing of the year	52.61	52.61
Securities Premium		
Balance as at the Opening and Closing of the year	1,429.80	1,429.80
General Reserve		
Balance as at the Opening and Closing of the year	4,436.00	4,436.00
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,543.05	3,352.67
Add : Transfer from Retained Earnings	249.87	190.38
Closing balance	3,792.92	3,543.05
Retained Earnings		
Opening Balance	3,852.17	3,478.91
Add : Profit after tax for the year	1,249.37	951.88
	5,101.54	4,430.79
Less: Appropriations		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	249.87	190.38
Closing Surplus	4,463.43	3,852.17
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(14.20)	(36.98)
Add : Income/(Expenses) for the year	27.22	22.78
Closing Balance	13.02	(14.20)
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	24.37	13.93
Add : Income/(Expenses) for the year	4.53	10.44
Closing Balance	28.90	24.37
Closing Balance (i) + (ii)	41.92	10.17
Total	14,216.68	13,323.80

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium : The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

General reserve : Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

Debenture redemption reserve:

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required to deposit or invest, before 30th day of April of each year as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 1,748 lakhs (Previous Year ₹ 900 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Other Comprehensive Income: Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive Income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Proposed dividend : The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹ 0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57)

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
23. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	18,143.55	17,017.64
Interest from:		
- Loans	169.97	172.29
- Bank deposits	18.00	158.80
- Investments	145.20	218.24
Total	18,476.72	17,566.97
There are no income on Financial Instruments measured at FVTOCI		
24. FEES AND COMMISSION (Service rendered at a point in time)		
- Service Charges	379.02	254.83
- Stamp and documentation charges	80.45	66.66
Total	459.47	321.49
25. SALE OF POWER FROM WIND MILLS		
Income from Wind mill -Sale of Electricity	173.13	177.88
Total	173.13	177.88
26. OTHER INCOME		
- Profit on Sale of Investment	10.67	-
- Miscellaneous income	2.70	1.40
Total	13.37	1.40
27. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
- Deposits	422.82	1,084.82
- Borrowings	1,534.72	1,920.21
- Debt Securities	4,515.29	3,672.04
- Sub-Ordinated Liabilities	4,064.50	3,723.67
- Lease Liability (Refer Note 48)	20.51	36.28
Bank Charges	95.99	121.13
Debenture Issue Expenses	272.30	217.70
Total	10,926.13	10,775.85
There are no Finance Costs measured at FVTOCI		
28. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial instruments measured at amortised cost)		
Loans (Refer Note 6)	680.88	878.54
Trade Receivables (Refer Note 5)	6.67	(4.69)
Investments	4.75	3.17
Bad Debts written off	233.77	157.35
Total	926.07	1,034.37
There are no impairment on Financial Instruments measured at FVTOCI		

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
29. EMPLOYEE BENEFIT EXPENSES		
Salaries and wages (Refer Note 43)	**2,917.01**	2,608.36
Contributions to Provident and Other Funds	**101.32**	98.88
Staff Welfare Expenses	**175.76**	128.44
Gratuity (Refer Note 42)	**20.26**	21.51
Leave Encashment (Refer Note 42)	**31.86**	38.41
Total	**3,246.21**	2,895.60
30. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment (Refer Note 11 (a) & 2 (l))	**249.20**	242.08
Depreciation on Investment property (Refer Note 10 (a) & 2 (n))	**4.60**	4.60
Amortization - Intangibles (Refer Note 11 (d) & 2 (m))	**38.48**	26.67
Amortization - Right of use assets (Refer Note No 48)	**254.65**	217.72
Total	**546.93**	491.07
31. OTHER EXPENSES		
Rent (Refer Note 48)	**27.32**	35.39
Rates, Taxes and Licences	**145.81**	121.98
Stamping on documents	**17.64**	11.93
Communication	**45.48**	45.66
Insurance	**15.25**	12.99
Travelling and Conveyance	**403.08**	298.74
Printing and Stationery	**49.77**	34.24
Power and Fuel	**43.64**	29.50
Advertisements	**13.29**	17.02
Auditor's Remuneration : (Refer Note 26(i) of Corporate governance report)		
As Auditor:		
- Audit Fee	**16.00**	16.00
- Limited Review Fee	**9.00**	9.00
- Certification Fee	**12.83**	7.65
- Reimbursement of Expenses	**2.64**	2.87
Legal and Professional Charges	**323.37**	309.84
Repairs and Maintenance on:		
- Buildings	**71.76**	57.99
- Machinery	**93.20**	86.51
- Information Technology	**243.61**	218.49
- Other Assets	**40.09**	26.85
Filing Fees	**9.63**	9.80
Directors' Sitting Fees (Refer Note 43)	**44.70**	34.70
Corporate Social Responsibility Expenses (Refer Note 37)	**40.06**	37.04
Loss on Sale of Property, Plant and Equipment	**2.39**	0.12
Miscellaneous Expenses	**34.66**	38.85
Total	**1,705.22**	1,463.16

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
32. (i) CONTINGENT LIABILITIES		
(i) Claims against the Company not acknowledged as debt;		
a) Income Tax issues	**226.99**	226.99
Less : Amount paid under protest	**42.24**	-
	184.75	226.99

The Company has disputed Income Tax demand pertaining to the Assessment year 2012-13 for an amount of ₹ **9.83 Lakhs** (Previous year : ₹ 9.83 Lakhs) in relation to disallowance under Section 14A of the Income Tax Act. The matter is pending with Assessing Officer.

The Company has disputed Income Tax Demand pertaining to the Assessment year 2016-17 for an amount of ₹ **217.16 Lakhs** (Previous year : ₹ 217.16 Lakhs) in relation to certain disallowances under Income Tax Act. The matter is pending before Commissioner of Income Tax (Appeals). During the Financial year 2022-23 the Company has remitted an amount of ₹ 42.24 Lakhs under protest against the demand.

b) Service Tax Issues	**2,082.34**	1,426.92
Less : Amount paid under protest	**143.30**	98.63
	1,939.04	1,328.29

The Company has disputed Service Tax demands in respect of Service Tax liability on finance income for the period from 1st October 2014 to 30th June 2017. The total demand along with penalty but excluding non-determined interest amounts to ₹ **2,082.34 Lakhs** (Previous year : ₹ 1,426.92 Lakhs). The Company has been legally advised that such demands are not sustainable. The Company has filed an appeal before Central Excise and Service Tax Appellate Tribunal (CESTAT), Chennai and the matter is pending before CESTAT. The Company has pre-deposited an amount of ₹ **143.30 Lakhs** (Previous year : ₹ 98.63 Lakhs) under protest.

c) Consumer Court cases pending	**18.35**	18.35

There are certain consumer claims pending against the Company, where such claims are disputed and contested by the Company in appropriate forums. The management has estimated that such claims amounts to ₹ **18.35 Lakhs** (Previous year ₹ 18.35 Lakhs).

(ii) Guarantees excluding financial guarantees; and	**Nil**	Nil
(iii) Other money for which the Company is contingently liable	**Nil**	Nil
(iv) Commitments		
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	**Nil**	Nil
(b) Uncalled liability on Shares and other Investments partly paid;	**Nil**	Nil
(c) Other Commitments;	**Nil**	Nil

(ii) In respect of termination of contracts, wherever there is uncertainty in the performance obligations arising out of such contracts, the Company has not quantified or accounted any income for the reason that there is no certainty of economic benefits flowing to the Company.

33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF : F 78

Annual Maintenance Charges - Information Technology	-	94.97
Travelling Expenses	**1.01**	-

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	**2021-22**	2020-21
No. of non-resident share holders	**1**	1
No. of shares on which dividend remittance was made	**44,50,000**	44,50,000
Amount remitted (₹ Lakhs)	**21.15**	21.15

35. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

Period/Year ended or As at	31st March 2023	31st March 2022
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

36. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2022 to 31st March 2023 and for the Year ended 31st March 2022)

a. There are no Title deeds of Immovable Properties that were not held in name of the Company.

b. The Company measures investment property using cost based measurement.

c. There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP's and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Type of Borrower	31st March 2023		31st March 2022	
	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMP's	-	-	-	-
Related Party	1,579.08	1.32%	1,599.94	1.40%

d. There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

e. In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.

f. The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender.

g. The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Name of the Struck off company	Balance outstanding as at		Relationship with struck off company
	31st March 2023	31st March 2022	
First Choice Financial Services Private Limited	**0.00**	0.00	**Equity Shareholder**
Kothari & Sons (Nominees) Private Limited	**0.00**	0.00	**Equity Shareholder**
Kwality General Finance Associates Limited	**0.00**	0.00	**Equity Shareholder**
West Mambalam Suga Leasing & Finance Limited	**0.00**	0.00	**Equity Shareholder**

During the financial years ended March 31, 2023 and March 31, 2022, the Company did not have any transaction with the above equity shareholders, except payment of dividend, being the companies whose names have been struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956. The shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to the Company for the purpose of this disclosure.

Note : 0.00 denotes amounts less than ₹ 1,000/-

h. The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.

i. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.

l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2023 and 31st March 2022.

m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

37. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2023:

I. Amount required to be spent by the company during the year: ₹ **40.00** Lakhs (FY 2021-22 : ₹ 37.00 Lakhs)

II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken)

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	**40.06**	37.04
Total	**40.06**	37.04

Period / Year ended	31st March 2023	31st March 2022
Amount required to be spent by the company during the year	**40.00**	37.00
Amount of expenditure incurred	**40.06**	37.04
Shortfall at the end of the year		
Total of previous years shortfall	**Nil**	Nil
Reason for shortfall	**Nil**	Nil
Nature of CSR activities		
1. Education	**31.32**	22.29
2. Health Care	**1.94**	13.55
3. Others	**6.80**	1.20
Details of related party transactions, (e.g.), contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	**25.00**	11.35
Details of provision made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year are shown separately.	**Nil**	Nil

Refer Note 43 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

38. CAPITAL MANAGEMENT

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio.

(₹ Lakhs)

Particulars	As at 31st March 2023			As at 31st March 2022 Ratio (%)	% of Variance	Reason for variance (If above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk weighted Assets Ratio (CRAR)	24,733.70	1,25,674.33	19.68%	21.66%	-9.14%	NA
Tier - I Capital	17,584.59	1,25,674.33	13.99%	13.74%	1.82%	NA
Tier - II Capital	7,149.11	1,25,674.33	5.69%	7.92%	-28.16%	On account of reduction in discounted value of subordinated debts (Unsecured Redeemable, Non-Convertible Debentures) as compared to previous year.
Liquidity Coverage Ratio (Refer Note 49.3 (vi))	1,420.28	479.87	295.97%	557.22%	-46.88%	On account of reduction in SLR Investments as compared to previous year.

Components of Numerator

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following -

a. preference shares other than those which are compulsorily convertible into equity;
b. revaluation reserves at discounted rate of fifty five percent;
c. General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets.
d. hybrid debt capital instruments;
e. Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital; and
f. perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.;

Components of Denominator

Aggregate Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Tier - I Capital	17,584.59	16,697.54
Tier - II Capital	7,149.11	9,627.79
Total Capital	24,733.70	26,325.33
Aggregate of Risk Weighted Assets	1,25,674.33	1,21,556.31
Tier-I Capital adequacy ratio	13.99%	13.74%
Total Capital adequacy ratio	19.68%	21.66%

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(₹ Lakhs)

Particulars	Notes	As at 31st March 2023			As at 31st March 2022		
		Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS							
Financial Assets							
Cash and Cash Equivalents	3	3,002.79	-	3,002.79	1,449.51	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	42.91		42.91	1,129.31	-	1,129.31
Receivables	5						
(i) Trade Receivables		226.21	-	226.21	169.25	-	169.25
(ii) Other Receivables		18.39	-	18.39	16.56	-	16.56
Loans	6	59,156.74	55,343.36	1,14,500.10	54,813.83	55,497.37	1,10,311.20
Investments	7	702.77	641.74	1,344.51	375.13	2,112.75	2,487.88
Other Financial Assets	8	1,288.55	-	1,288.55	1,000.32	712.59	1,712.91
Non-Financial Assets							
Current tax Assets (net)		33.15	-	33.15	17.40	-	17.40
Deferred tax Assets (net)	9	-	395.30	395.30	-	217.94	217.94
Investment Property	10	-	270.61	270.61	-	275.21	275.21
Property Plant and Equipment	11 (a)	-	5,844.58	5,844.58	-	5,946.63	5,946.63
Right of use assets	11 (b)	-	1,059.12	1,059.12	-	1,093.60	1,093.60
Intangible Assets under development	11 (c)	-	-	-	-	-	-
Other Intangible Assets	11 (d)	-	156.58	156.58	-	179.46	179.46
Other Non-Financial Assets	12	375.19	1,500.00	1,875.19	436.14	1,500.00	1,936.14
Total Assets		64,846.70	65,211.29	1,30,057.99	59,407.45	67,535.55	1,26,943.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

(₹ Lakhs)

Particulars	Notes	As at 31st March 2023			As at 31st March 2022		
		Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
LIABILITIES AND EQUITY							
Liabilities							
Financial Liabilities							
Payables							
(I) Trade Payables	13						
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	0.28	-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	-	156.15	127.76	-	127.76
(Ii) Other Payables							
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		193.26		193.26	175.13	-	175.13
Debt Securities	14	18,321.75	30,470.68	48,792.43	10,075.19	31,484.85	41,560.04
Borrowings (Other than debt securities)	15	13,366.83	1,287.25	14,654.08	12,870.25	2,695.44	15,565.69
Deposits	16	2,444.17	-	2,444.17	6,160.73	2,379.87	8,540.60
Sub-Ordinated Liabilities	17	13,231.96	28,280.44	41,512.40	16,252.83	23,277.94	39,530.77
Other Financial Liabilities	18	522.14	862.82	1,384.96	966.77	459.37	1,426.14
Non-Financial Liabilities							
Current tax Liabilities (net)		-		-	-	-	-
Provisions	19	135.49	-	135.49	122.65	-	122.65
Deferred tax Liabilities (net)		-	-	-	-	-	-
Other Non-Financial Liabilities	20	97.78	-	97.78	99.55	-	99.55
Equity							
Equity Share Capital	21	-	6,470.59	6,470.59	-	6,470.59	6,470.59
Other Equity	22	-	14,216.68	14,216.68	-	13,323.80	13,323.80
Total Liabilities and Equity		48,469.53	81,588.46	1,30,057.99	46,851.14	80,091.86	1,26,943.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

40. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities

(₹ Lakhs)

Particulars	31st March 2022	Cash Flows	Others	31st March 2023
Debt Securities	41,560.04	7,192.64	39.75	48,792.43
Deposits	8,540.60	(6,114.07)	17.64	2,444.17
Borrowings Other than Debt securities	15,565.69	(977.29)	65.68	14,654.08
Sub-Ordinated Liabilities	39,530.77	33.83	1,947.80	41,512.40
Lease Liabilities	386.17	(53.59)	40.34	372.92
Total	1,05,583.27	81.52	2,111.21	1,07,776.00

41. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2022-23	FY 2021-22
1	Profit before Tax	1,735.97	1,292.04
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	436.91	325.23
4	Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	500.55	542.05
	Effect of expenses / provisions deductible in determining taxable profit	(262.81)	(266.19)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	-
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	674.65	601.09

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2022	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2023
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	982.42	(137.53)	10.68	1,109.27
2	Employee benefit expenses	30.87	(3.23)	-	34.10
3	Right of Use Assets and Lease Liabilities	7.84	2.11	-	5.73
4	Application of EIR On Financial Liabilities	(64.83)	(14.80)	-	(50.03)
5	Differences in carrying amount of Property, Plant and Equipment	(738.36)	(34.59)	-	(703.77)
	Deferred Tax Asset / (Liabilities)	217.94	(188.04)	10.68	395.30

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

c. **Tax Items in Statement of Profit and Loss**

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	Current Tax Expense/(Income)	**674.65**	601.09
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	**(188.05)**	(260.93)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	**486.60**	340.16

d. **Tax Items recognised in Other Comprehensive Income**

Sl No	Particulars	31st March 2023	31st March 2022
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	**10.68**	3.51
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	**10.68**	3.51

e. There is no tax expense charged directly to other equity.

f. **Tax U/s 115 BAA of Income Tax Act 1961**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

42. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. **Interest rates risk:**

   The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. **Salary inflation risk:**

   Higher than expected increases in salary will increase the defined benefit obligation.

3. **Demographic risks:**

   This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. **Actuarial Risk:**

   It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

   - Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.
   - Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
   - Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

5. **Investment Risk:**

   For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
I	**Present Value of Defined Benefit Obligation**		
	Defined benefit obligation at the beginning of the year	**179.41**	198.87
	(i) Current service cost	**20.24**	20.78
	(ii) Past Service Cost		
	(iii) Interest cost	**11.14**	11.63
	(iv) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	**(4.79)**	(2.38)
	(b) Changes in demographic assumptions	**-**	-
	(c) Experience on defined benefit obligation	**0.10**	(6.63)
	(v) Benefits paid	**(54.15)**	(42.86)
	Defined benefit obligation as at the end of the year	**151.95**	179.41

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
II	**Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the year	**170.72**	177.76
	(i) Benefits Paid	**(54.15)**	(42.86)
	(ii) Employer Contribution	**16.81**	19.98
	(iii) Expected Interest Income on Plan Assets	**11.11**	10.91
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	**(1.39)**	4.93
	Fair Value of Plan Assets as at the end of the year	**143.10**	170.72
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	**8.84**	8.69
III	**Cost of Defined Benefit Plan for the Year**		
	(i) Current service cost	**20.23**	20.78
	(ii) Past Service Cost	**-**	-
	(iii) Interest Cost	**11.14**	11.63
	(iv) Expected Interest Income on Plan assets	**(11.11)**	(10.91)
	Net Cost recognized in the Statement of Profit and Loss	**20.26**	21.50
IV	**Re-measurement (loss)/gain due to :**		
	(a) Changes in financial assumptions	**(4.79)**	(2.38)
	(b) Changes in demographic assumptions	**-**	-
	(c) Experience on defined benefit obligation	**0.10**	(6.63)
	Actuarial (Loss)/Gain from Return on plan assets	**(1.39)**	4.93
	Net cost recognised in Other Comprehensive Income	**(3.30)**	(13.94)
V	**Significant Actuarial Assumptions**		
	(i) Discount Rate	**7.31%**	6.56%
	(ii) Expected Return on Plan Assets	**7.31%**	6.56%
	(iii) Salary Escalation Rate	**4.00%**	4.00%
	(iv) Attrition Rate	**19.00%**	19.00%
VI	**Sensitivity Analysis for significant actuarial assumption**		
	(i) Discount Rate		
	+ 100 Basis Rate	**(4.18%)**	(3.61%)
	- 100 Basis Rate	**4.58%**	3.95%
	(ii) Salary Growth		
	+ 100 Basis Rate	**4.38%**	3.78%
	- 100 Basis Rate	**(4.06%)**	(3.51%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	**0.33%**	0.13%
	- 100 Basis Rate	**(0.38%)**	(0.15%)

b. **Other Long Term Benefits - Leave Encashment**

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

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 2023	As at 31st March 2022
I	**Present Value of Defined Benefit Obligation**		
	Defined benefit obligation at the beginning of the year	60.96	41.35
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(1.54)	(0.84)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	17.02	46.45
	(iv) Benefits paid	(33.58)	(40.50)
	Closing defined benefit obligation	59.24	60.96
II	**Cost of Defined Benefit Plan for the Year**		
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Others	15.48	23.91
	Net Cost recognized in the Statement of Profit and Loss	31.86	38.41
III	**Significant Actuarial Assumptions**		
	(i) Discount Rate	7.31%	6.50%
	(ii) Expected Return on Plan Assets	0%	0%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
IV	**Sensitivity Analysis for significant actuarial assumption**		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.43%)	(3.69%)
	- 100 Basis Rate	3.74%	4.60%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.36%	3.63%
	- 100 Basis Rate	(3.12%)	(3.35%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.13%	0.06%
	- 100 Basis Rate	(0.17%)	(0.06%)

43. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Nature of Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam The Vanavarayar Foundation Trust
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivaasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) Sri Srinivasan Anand (Chief Financial Officer) Sri S Venkatesh, Company Secretary and Chief Compliance Officer (upto 6th March 2023) Sri C Subramaniam, Company Secretary (w.e.f. 6th March 2023)
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Selvan Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Sri M Harihara Sudhan, Son of Dr M Manickam Smt Bhavani Gopal, Wife of P S Gopalakrishnan Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan Smt Karunambal Vanavarayar, Sister of Dr M Manickam Selvi Anusha Bhansali, Daughter of Smt.Priya Bhansali

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
1	**Income**					
	Rent received					
	Sakthifinance Financial Services Ltd	8.61	-	-	8.61	7.12
	ABT Industries Ltd	23.43	-		23.43	18.90
	Sakthi Pelican Insurance Broking Pvt Ltd	4.46	-		4.46	-
	Income from HP Operations					
	Sakthi Foundation	11.14	-	-	11.14	19.22
	Suddha Sanmarga Nilayam	1.14	-	-	1.14	2.14
	Interest Income					
	ABT Industries Ltd.	30.97	-	-	30.97	75.01
	Reimbursement of Expenses / Income					
	ABT Industries Ltd	6.73	-	-	6.73	-
2	**Expenses**					
	Purchase of fuel and others					
	N.Mahalingam & Co	15.09	-	-	15.09	10.22
	Reimbursement of Expenses (Electricity / Internet charges)					
	ABT Industries Ltd	3.55	-	-	3.55	7.87
	Sakthifinance Financial Services Ltd.	0.94	-	-	0.94	-
	Rent paid					
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasan	-	117.53	-	117.53	111.86
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.23
	N.Mahalingam & Co	14.16	-	-	14.16	-
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	272.12	-	-	272.12	77.00
	Printing charges					
	Nachimuthu Industrial Association	13.40	-	-	13.40	12.63
	Sakthi Sugars Ltd. (Om Sakthi)	2.32	-	-	2.32	2.31
	Sakthi Foundation	1.13	-	-	1.13	0.80
	Professional Charges					
	Ramanandha Adigalar Foundation	22.89	-	-	22.89	-
	Corporate Social Responsibility Expenses					
	Ramanandha Adigalar Foundation	25.00	-	-	25.00	-
	The Vanavarayar Foundation Trust	-	-	-		11.35
	Remuneration					
	M.Balasubramaniam	-	43.80	-	43.80	49.80
	S.Veluswamy	-	32.62	-	32.62	32.58
	Srinivasan Anand	-	25.79	-	25.79	29.35
	S.Venkatesh	-	15.88	-	15.88	16.73
	C.Subramaniam	-	3.65	-	3.65	-
	Amrit Vishnu B	-	-	3.15	3.15	-

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	Perquisites					
	M.Balasubramaniam	-	0.75	-	0.75	-
	S.Veluswamy	-	-	-	-	3.15
	Srinivasan Anand	-	-	-	-	-
	S.Venkatesh	-	-	-	-	-
	C.Subramaniam	-	-	-	-	-
	Amrit Vishnu B	-	-	-	-	-
	Employee Benefits					
	M.Balasubramaniam	-	4.32	-	4.32	4.32
	S.Veluswamy	-	2.30	-	2.30	1.83
	Srinivasan Anand	-	-	-	-	0.55
	S.Venkatesh	-	0.99	-	0.99	0.99
	C.Subramaniam	-	0.19	-	0.19	-
	Amrit Vishnu B	-	-	0.07	0.07	-
	Commission **					
	M.Balasubramaniam	75.25	-	-	75.25	63.67
	Sitting Fees					
	Non-Executive Directors					
	M.Manickam	-	4.30	-	4.30	3.50
	M.Srinivaasan	-	4.50	-	4.50	4.20
	S.Veluswamy	-	3.30	-	3.30	-
	Independent Directors					
	A Selvakumar	-	12.60	-	12.60	9.90
	P S Gopalakrishnan	-	4.50	-	4.50	3.60
	Priya Bhansali	-	7.00	-	7.00	5.50
	K P Ramakrishnan	-	8.50	-	8.50	8.00
	Reimbursement of Travelling Expense					
	Non-Executive Directors					
	M.Manickam	-	0.27	-	0.27	0.18
	M.Srinivaasan	-	0.24	-	0.24	0.24
	S.Veluswamy	-	0.27	-	0.27	-
	Independent Directors					
	A Selvakumar	-	0.27	-	0.27	0.24
	P S Gopalakrishnan	-	0.24	-	0.24	0.24
	Priya Bhansali	-	0.27	-	0.27	0.27
	K P Ramakrishnan	-	0.27	-	0.27	0.27

** subject to approval of shareholders at the ensuing Annual General Meeting

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
3	Assets					
	Loans and advances given					
	S.Venkatesh	-	2.00	-	2.00	-
	ABT Industries Ltd	350.00	-	-	350.00	410.00
	Advance for Property, Plant and Equipment					
	Sakthi Sugars Ltd.	-	-	-	-	1,500.00
	Loans and advances repaid					
	ABT Industries Ltd	(350.00)	-	-	(350.00)	(410.00)
	S.Venkatesh	-	(4.79)	-	(4.79)	(5.00)
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Sugars Ltd	1,500.00	-		1,500.00	1,500.00
	Sakthi Foundation	37.13	-	-	37.13	81.66
	Suddha Sanmarga Nilayam	4.59	-	-	4.59	9.01
	Sakthifinance Financial Services Ltd	14.24	-	-	14.24	31.49
	Sakthi Pelican Insurance Broking Private Limited	10.83	-	-	10.83	10.83
	ABT Industries Ltd	30.97	-	-	30.97	9.14
	S.Venkatesh	-	6.38	-	6.38	9.17
	Rent / Other reimbursement receivables					
	Sakthifinance Financial Services Ltd	23.62	-	-	23.62	14.87
	ABT Industries Ltd.	20.00	-	-	20.00	6.80
	Sakthi Pelican Insurance Broking Private Limited	0.34	-	-	0.34	-
4	**Liabilities**					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	(4.46)	-	-	(4.46)	-
	Sakthifinance Financial Services Ltd.	197.10	-	-	197.10	45.00
	Sakthi Financial Services Cochin Pvt Ltd	(7.16)	-	-	(7.16)	-
	Smt Samyuktha Vanavaraayar	-	-	-	-	120.00
	Miss Shruthi Balasubramaniam	-	-	(38.00)	(38.00)	10.00
	Smt Karunambal Vanavarayar	-	-	300.00	300.00	300.00
	Sri P S Gopalakrishnan	-	25.00	-	25.00	-
	Smt Lalitha Ramakrishnan	-	-	1.00	1.00	-
	Investment in Deposits:					
	M. Harihara Sudhan	-	-	-	-	(7.74)
	Subscription in Redeemable Cumulative Preference Shares ("RCPS") :					
	Sakthi Financial Services Cochin Pvt Ltd	(50.20)	-	-	(50.20)	216.70

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	8.00	-	-	8.00	12.46
	Sakthifinance Financial Services Ltd.	246.85	-	-	246.85	49.75
	Sakthi Financial Services Cochin Pvt Ltd	149.90	-	-	149.90	157.06
	Sri P S Gopalakrishnan	-	35.00	-	35.00	10.00
	Smt Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt Samyuktha Vanavaraayar	-	-	195.00	195.00	195.00
	Selvi Shruthi Balasubramaniam	-	-	40.00	40.00	78.00
	Selvan Amrit Vishnu Balasubramaniam	-	-	12.00	12.00	-
	Smt Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt Lalitha Ramakrishnan	-	-	31.00	31.00	30.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Selvi Anusha Bhansali	-	-	10.00	10.00	10.00
	Smt Karunambal Vanavarayar	-	-	600.00	600.00	300.00
	Subscription in SD Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Selvi Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	Subscription in Redeemable Cumulative Preference Shares ("RCPS"):					
	Sakthi Financial Services Cochin Pvt Ltd	166.50	-	-	166.50	216.70
	Liabilities for Expenses Payable:					
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	-	-	-	-	0.28
	N.Mahalingam and Co	2.07	-	-	2.07	0.99
	Sakthi Sugars Ltd.	-	-	-	-	0.41
	Commission payable to Sri M. Balasubramaniam	75.25	-	-	75.25	63.67
	Sri M. Srinivaasan	-	5.66	-	5.66	5.73

Notes:-

1. All transactions are in the ordinary course of business on terms equivalent to those that prevail in an arm's length transaction.
2. The Company has not granted loans or advances that is repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, for the financial years ended March 31, 2023 and March 31, 2022.
3. There have been no guarantees provided or received to/from any related party on receivables or payables.
4. For the year ended 31st March, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party.
5. During the year ended 31st March 2023, the Company has not written off any receivables due from related parties.

44. Disclosure pursuant to Ind AS "33" - Earnings Per Share (Refer Note 2(ab))

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	1,281.13	985.10
Basic and diluted earnings per share (Face Value: ₹10 per share)	1.98	1.52

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

45. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the Company are unable to meet the financial obligations.

The Company has a comprehensive and well - defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

Expected Credit Loss ("ECL")

As a result of adoption of IndAs , the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components Viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and weightages have been decided based on industry best practices and judgement. ECL is measured based on various stages of assets and by applying PD and LGD to arrive at impairment loss.

Exposure at Default ("EAD")

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP , Inflation rate etc.

Loss Given Default ("LGD")

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Definition of Default

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

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

Write-offs (Refer Note 2(i))

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the year of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	99,679.78	9,200.48	5,942.21	1,14,822.47	97,136.73	10,255.72	5,594.01	1,12,986.46
New business - net of recovery	64,381.52	10,522.00	800.64	75,704.16	53,042.83	1,476.15	17.14	54,536.12
Transfer due to change in credit worthiness								
Stage 1	1,747.12	(1,591.87)	(155.25)	-	2,639.69	(2,486.81)	(152.88)	-
Stage 2	(3,230.29)	3,248.42	(18.13)	-	(6,071.61)	6,102.17	(30.56)	-
Stage 3	(1,546.77)	(916.36)	2,463.13	-	(1,054.61)	(684.56)	1,739.17	-
Financial Assets that have been derecognised	(63,353.94)	(5,337.71)	(1,908.98)	(70,600.63)	(45,956.83)	(5,456.32)	(1,129.61)	(52,542.76)
Write off during the year	(99.29)	(8.74)	(125.73)	(233.76)	(56.42)	(5.87)	(95.06)	(157.35)
Balance at the end of the year	97,578.13	15,116.22	6,997.89	1,19,692.24	99,679.78	9,200.48	5,942.21	1,14,822.47

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	478.79	95.53	3,936.95	4,511.27	130.73	296.92	3205.09	3,632.74
New business - net of recovery	145.77	862.26	170.80	1,178.83	80.99	11.99	1.40	94.38
Transfer due to change in credit worthiness								
Stage 1	0.28	(0.28)	-	-	19.90	(18.71)	(1.19)	-
Stage 2	(218.50)	219.31	(0.81)	-	(58.78)	59.30	(0.52)	-
Stage 3	(379.50)	(253.85)	633.35	-	(174.16)	(196.07)	370.23	-
Financial Assets that have been derecognised	142.28	227.54	(672.55)	(302.73)	503.61	(33.45)	397.06	867.22
Write off during the year	(1.96)	(1.23)	(192.04)	(195.23)	(23.50)	(24.45)	(35.12)	(83.07)
Balance at the end of the year	167.16	1,149.28	3,875.70	5,192.14	478.79	95.53	3,936.95	4,511.27

Stage	31st March 2023			31st March 2022		
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value
Stage 1	97,578.13	167.16	97,410.97	99,679.78	478.79	99,200.99
Stage 2	15,116.22	1,149.28	13,966.94	9,200.48	95.53	9,104.95
Stage 3	6,997.89	3,875.70	3,122.19	5,942.21	3,936.95	2,005.26
Total	1,19,692.24	5,192.14	1,14,500.10	1,14,822.47	4,511.27	1,10,311.20

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Geographical break-up of portfolio - (Net Stock on Hire)

(₹ Lakhs)

Particulars	FY 2023	FY 2022
Tamil Nadu & Puducherry	95,355	94,816
Kerala	17,046	14,897
Karnataka	3,132	2,409
Andhra	2,963	2,284
Total	1,18,496	1,14,406

Portfolio composition - Net Stock on Hire

Particulars	FY 2023	FY 2022
Commercial Vehicles	1,06,088	1,02,620
Cars & Jeeps	7,671	8,112
Construction Equipment	3,967	2,929
Machinery	709	670
Consumer Durables	61	75
Total	1,18,496	1,14,406

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("**ALCO**") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2023 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities								
Deposits	16 & 18	703.90	798.18	1,200.87	-	-	-	2,702.95
Borrowings	14,15,17&18	7,694.98	10,033.47	27,283.59	46,568.11	13,439.27	-	1,05,019.42
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
Total		8,398.88	10,831.65	28,484.46	46,568.11	13,439.27	-	1,07,722.37
Financial Assets								
Cash and cash equivalents	3	189.80	-	-	-	-	-	189.80
Bank balances	4	2,855.90	-	-	-	-	-	2,855.90
Loans	6	16,070.63	15,895.67	27,190.46	49,351.90	5,767.96	223.48	1,14,500.10
Investments	7	-	217.14	485.62	491.92	-	149.83	1,344.51
Other financial assets		672.65	167.17	381.23	634.58	-	2,186.25	4,041.88
Total		19,788.98	16,279.98	28,057.31	50,478.40	5,767.96	2,559.56	1,22,932.19

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities								
Deposits	16 & 18z	2,096.24	2,007.06	2,308.63	2,379.87	-	-	8,791.80
Borrowings	14,15,17&18	7,401.46	2,166.92	13,595.67	60,020.66	13,677.61	-	96,862.32
Foreign Currency Assets		-	F 96	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
Total		9,497.70	4,173.98	15,904.30	62,400.53	13,677.61	-	1,05,654.12

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder: (cont..)

(₹ Lakhs)

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Assets								
Cash and cash equivalents	3	270.41	-	-	-	-	-	270.41
Bank balances	4	2,308.40	-	-	-	-	-	2,308.40
Loans	6	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	7	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
Other financial assets		814.21	200.86	415.48	774.74	-	707.42	2,912.71
Total		18,315.12	14,565.94	26,317.26	53,180.53	3,934.70	1,977.05	1,18,290.60

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

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

Particulars	Note	As at 31st March 2023	As at 31st March 2022
Financial assets			
Fixed rate instruments			
Loans	6	**1,19,692.24**	1,14,822.47
Investments	7	**1,194.69**	2,374.44
Bank Balances	4	**-**	182.79
Variable rate Instruments		**-**	-
Total		**1,20,886.93**	1,17,379.70
Financial Liabilities			
Fixed rate instruments			
Debt securities	14 & 18	**48,831.16**	41,740.44
Borrowings (other than debt securities)	15	**2,696.17**	5,051.56
Deposits	16 & 18	**2,702.95**	8,791.80
Sub-Ordinated liabilities	17 & 18	**40,038.88**	38,065.89
Preference Shares	17 & 18	**1,508.30**	1,503.29
Variable rate instruments			
Bank Borrowings	15	**11,957.91**	10,514.13
Total		**1,07,735.37**	1,05,667.11

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2023		31st March 2022	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- carrying amount	**+60**	**(60.00)**	+77	(77.00)

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

46. Disclosure Pursuant To Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in a single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

47. Disclosure pursuant to Ind AS "113"

a. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2023	As at 31st March 2022
Investment in Equity Instruments (Quoted)	Level 1	111.47	75.09
Investment in Equity Instruments (Un-Quoted)	Level 3	38.35	38.35

b.i. Financial assets and financial liabilities measured at amortised cost as at 31st March 2023

Particulars	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial Assets						
Cash and Cash Equivalents	3	3,002.79	3,002.79	-	-	3,002.79
Bank Balances other than Cash and Cash Equivalents	4	42.91	42.91	-	-	42.91
Trade Receivables	5	244.60	-	295.75	-	295.75
Loans	6	1,14,500.10	-	-	1,14,500.10	1,14,500.10
Investments	7	1,194.69	1,214.31	-	-	1,214.31
Other Financial Assets	8	1,288.55	-	1,288.55	-	1,288.55
Financial Liabilities						
Payables	13					
(I) Trade Payables		156.15	-	156.15	-	156.15
(II) Other Payables		193.26	-	193.26	-	193.26
Debt Securities	14	48,792.43	36,388.08	12,404.35	-	48,792.43
Borrowings (Other than debt securities)	15	14,654.08	14,654.08	-	-	14,654.08
Deposits	16	2,444.17	-	-	2,444.17	2,444.17
Sub-Ordinated Liabilities	17	41,512.40	12,281.44	-	29,230.96	41,512.40
Other Financial Liabilities	18	1,384.96	-	1,009.87	375.09	1,384.96

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022

Particulars	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial Assets						
Cash and Cash Equivalents	3	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	5	185.81	-	230.28	-	230.28
Loans	6	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	7	2,374.44	2,507.18	-	-	2,507.18
Other Financial Assets	8	1,712.91	-	1,712.91	-	1,712.91

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022 (cont..)

(₹ Lakhs)

Particulars	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial Liabilities						
Payables	13					
(I) Trade Payables		128.04	-	128.04	-	128.04
(II) Other Payables		175.13	-	175.13	-	175.13
Debt Securities	14	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15	15,565.69	15,565.69	-	-	15,565.69
Deposits	16	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	17	39,530.77	11,640.39	-	27,890.38	39,530.77
Other Financial Liabilities	18	1,426.15	-	1,090.12	336.03	1,426.15

c. Financial assets and Financial Liabilities measured at Fair Value through Profit or Loss as at 31st March 2023 and as at 31st March 2022

The Company did not measure any of its Financial Assets and Financial Liabilities at Fair Value through Profit or Loss.

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

48. Disclosure pursuant to Ind AS "116" Leases

In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
(a) Depreciation charge for Right-of-Use Assets	**254.65**	217.72
(b) Interest expense on Lease Liabilities	**20.51**	36.28
(c) The expense relating to short-term leases	**-**	-
(d) The expense relating to leases of low-value assets	**27.32**	35.39
(e) Total cash outflow for leases	**269.89**	231.81
(f) Additions to right-of-use assets	**-**	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	**1,059.12**	1,093.60

Maturity Analysis	31st March 2023	31st March 2022
Less than 1 year	**241.90**	214.23
1-3 years	**132.00**	194.54
3-5 years	**49.49**	21.53
More than 5 years	**2.71**	10.32
Total future undiscounted cash outflow on lease liability	**426.10**	440.62

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

49. Disclosures under RBI Directions

49.1Schedule to the Balance Sheet of an Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2023		As at 31st March 2022	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	**Liabilities Side:**				
	Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	48,831.16	38.73	41,740.44	180.40
	: Unsecured	-	-	-	-
	(Other than falling within the meaning of Public deposit)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	2,408.38	-	3,810.72	-
	(d) Inter-Corporate loans and borrowing	287.79	-	1,240.84	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	2,702.95	258.78	8,791.80	251.20
	(g) Sub-Ordinated Debts	41,534.18	21.78	39,556.18	25.41
	(h) Other Loans - Cash Credit	11,957.91	-	10,514.13	-
(2)	**Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured Debentures	12,281.44	-	11,640.38	-
	(b) In the form of Partly secured Debentures	-	-	-	-
	i.e. debentures where there is a shortfall in the value of security				
	(c) Other Public Deposits	2,702.95	258.78	8,791.80	251.20
	(d) Sub-Ordinated Debts	41,534.18	21.78	26,425.51	25.41
	# Represents unclaimed deposits and interest accrued thereon				
(3)	**Assets Side:**				
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		1,196.36		416.20
(4)	**Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:**				
	(1) Lease Assets including lease rentals under Sundry Debtors				
	(a) Financial Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges under Sundry Debtors				
	(a) Stock on Hire		1,18,441.63		1,14,215.90
	(b) Repossessed Assets		54.25		190.37
	(3) Other Loans counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

(₹ Lakhs)

(5)	Break-up of Investments:	As at 31st March 2023	As at 31st March 2022
	Current Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long Term Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	111.47	75.09
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	1,194.69	2,374.44
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	38.41	38.41
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

(₹ Lakhs)

(6)	Borrower group-wise classification of assets financed as in 3 and 4 above						
		31st March 2023 (Amount net of provisions)			31st March 2022 (Amount net of provisions)		
	Category	Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	41.72	30.97	72.69	90.77	9.17	99.94
	2. Other than related parties	1,13,262.02	1,165.39	1,14,427.41	1,09,804.23	407.03	1,10,211.26
	Total	1,13,303.74	1,196.36	1,14,500.10	1,09,895.00	416.20	1,10,311.20

(7)	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)				
	Category	Market value / Break up or fair value or NAV	Book value (Net of provisions)	Market value / Break up or fair value or NAV	Book value (Net of provisions)
		31st March 2023		31st March 2022	
	1.Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	146.77	146.77	110.43	110.39
	(c) Other related parties	-	-	-	-
	2. Other than related parties	1,197.82	1,197.74	2,371.09	2,377.49
	Total	1,344.59	1,344.51	2,481.52	2,487.88

(8)	Other information		
	Particulars	Amount	Amount
	(i) Gross Non Performing Assets	6,997.89	5,942.21
	(a) Related parties	-	-
	(b) Other than Related parties	6,997.89	5,942.21
	(ii) Net Non Performing Assets	3,420.94	2,355.20
	(a) Related parties	-	-
	(b) Other than Related parties	3,420.94	2,355.20
	(iii) Assets acquired in satisfaction of debt	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

49.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	**Capital to Risk (Weighted) Assets Ratio**		
	CRAR (%)	19.68	21.66
	CRAR - Tier I Capital (%)	13.99	13.74
	CRAR - Tier II Capital (%)	5.69	7.92
	Amount of Sub-Ordinated debt considered as Tier-II capital	4,374.12	6,519.72
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	**Investments**		
	Value of Investments		
	Gross Value of Investments		
	In India	1,344.57	2,487.94
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	1,344.51	2,487.88
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	**Derivatives**		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	**Disclosures relating to Securitisation**		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

(₹ Lakhs)

5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2023												
Sl No	Particulars	Note	Upto 0 - 7 days	Upto 8 - 14 days	Upto 15 - 30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	16 & 18	51.76	77.63	129.39	295.82	149.30	798.18	1,200.87	-	-	-	2,702.95
(ii)	Advances	6	2,374.36	1,146.46	1,807.44	5,318.02	5,424.35	15,895.67	27,190.46	49,351.90	5,767.95	223.49	1,14,500.10
(iii)	Investments	7	-	-	-	-	-	217.14	485.62	491.92	-	149.83	1,344.51
(iv)	Borrowings		43.91	18.15	298.93	4,926.60	2,407.39	10,033.47	27,283.59	46,568.12	13,439.26	-	1,05,019.42
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-

	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022												
Sl No	Particulars	Note	Upto 0 - 7 days	Upto 8 - 14 days	Upto 15 - 30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	16 & 18	87.46	107.09	296.69	945.27	659.73	2,007.06	2,308.63	2,379.87	-	-	8,791.80
(ii)	Advances	6	1,316.16	974.93	2,589.64	5,034.36	5,007.01	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
(iii)	Investments	7	-	-	-	-	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
(iv)	Borrowings		60.17	47.55	397.76	6,106.96	789.02	2,166.92	13,595.67	60,020.66	13,677.60	-	96,862.31
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
6	**Exposures**		
(i)	Exposure to Real Estate Sector	-	-
(ii)	Exposure to Capital Market	-	-
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	111.47	75.09
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
c	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
d	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
f	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
g	Bridge loans to companies against expected equity flows / issues	-	-
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	111.47	75.09
(iii)	Details of financing of parent company products	Nil	Nil
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil
(v)	Unsecured Advances	1,196.36	416.20
7	**Miscellaneous**		
(i)	Registration obtained from other financial sector regulators	NA	NA
(ii)	Disclosure of Penalties imposed by RBI and other regulators	0.02	-
(iii)	Related Party Transactions - Ref. Note 43		
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year		

Sl No.	Particulars	ICRA Ltd
(i)	Deposits	(ICRA) BBB Stable
(ii)	Debentures	(ICRA) BBB Stable
(iii)	Long-Term Borrowings	(ICRA) BBB Stable
(iv)	Short-Term Borrowings	(ICRA) A2

Migration of ratings during the year : NIL

(v) Remuneration of Directors

Ref. Page No. 37 of Corporate Governance Report 2023

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
(vi)	Management		
	Ref. Management and Discussion and Analysis Report on Page No. 26		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
8	**Other Disclosures**		
(i)	Provisions and Contingencies		
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	4.75	3.17
b	Provision towards NPA	680.88	878.54
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	486.60	340.16
e	Other Provision and Contingencies (with details)	6.67	(4.69)
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:		
	Total Deposits of twenty largest depositors	278.26	416.06
	Percentage of Deposits of twenty largest depositors to Total Deposits	10.29%	4.73%
b	Concentration of Advances:		
	Total Advances to twenty largest borrowers	1,383.63	1,398.28
	Percentage of Advances to twenty largest borrowers to Total Advances	1.17%	1.22%
c	Concentration of Exposures:		
	Total Exposure to twenty largest borrowers / customers	1,170.97	860.24
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.99%	0.75%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	137.13	73.50
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	3.43%	1.62%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	6.79%	1.42%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	5.70%	6.23%

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.99%	2.14%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,942.21	5,594.01
	Additions during the year	3,468.82	2,223.89
	Reductions during the year	2,413.14	1,875.69
	Closing balance	6,997.89	5,942.21
(iii)	Movement of Net NPAs		
	Opening balance	2,355.20	2,522.83
	Additions during the year	2,822.79	1,380.13
	Reductions during the year	1,757.05	1,547.76
	Closing balance	3,420.94	2,355.20
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,587.01	3,071.18
	Provisions made during the year	646.04	843.76
	Write-off / write-back of excess provisions	656.10	327.93
	Closing balance	3,576.95	3,587.01
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	**Disclosure of Complaints**		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	486	4
c	No. of complaints redressed during the year	486	4
d	No. of complaints pending at the end of the year	-	-

49.3 Disclosures as required under guidelines on liquidity risk management frame work for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC .No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings)

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	**Borrowings As at 31st March 2023**	3	12,939.00	541.65	11.83
2	Borrowings As at 31st March 2022	4	13,713.00	171.82	12.80

ii.Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	**Total for Top 20 Large Deposits as at 31st March 2023**	278.25	11.65%
2	Total for Top 20 Large Deposits as at 31st March 2022	416.06	4.73%

iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	**Total for Top 10 Borrowings as at 31st March 2023**	**14,715.00**	**14.93%**
2	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.96%

iv. Funding concentration based on significant instrument / products

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Redeemable Non-Convertible Debentures - Public Issue	**33,856.00**	**30.95**	29,181.00	27.23
2	Sub-Ordinated Debts	**23,397.00**	**21.39**	23,400.00	21.84
3	Redeemable Non-Convertible Debentures - Secured Retail	**11,966.00**	**10.94**	10,738.00	10.02
4	From Banks: Cash Credit and Demand Loans	**10,738.00**	**9.82**	10,516.00	9.81
5	Non-Convertible Debentures - Secured	**12,023.00**	**10.99**	10,452.00	9.75
6	Fixed Deposits	**2,389.00**	**2.18**	7,981.00	7.45
7	Term Loans - Financial Institutions and Banks	**2,437.00**	**2.23**	3,853.00	3.60
8	Redeemable Cumulative Preference Shares	**1,500.00**	**1.37**	1,500.00	1.40
9	Term Loans - Corporates	**286.00**	**0.26**	1,234.00	1.15
	Total	**98,592.00**	**90.13**	98,855.00	92.25

v. Stock Ratios:

a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	–	–	–	–
3	% to Total Liabilities	–	–	–	–
4	% to Total Public Assets	–	–	–	–

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Non-Convertible Debentures (on maturities of less than 1 year)	–	–
2	% to Total Public Funds	–	–
3	% to Total Liabilities	–	–
4	% to Total Assets	–	–

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Other Short term Liabilities	**11,957.91**	10,514.13
2	% to Total Public Funds	**11.13%**	9.99%
3	% to Total Liabilities	**10.93%**	9.81%
4	% to Total Assets	**9.20%**	8.28%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee (**"RMC"**), as mandated by RBI, for the effective supervision,

evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary, Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required, The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

a) **Significant counter party:**

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) **Significant instrument/product:**

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) **Total liabilities:**

Total liabilities include all external liabilities (other than equity).

d) **Public funds:**

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/ products.

e) **Other short-term liabilities:**

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Disclosure on Liquidity Coverage Ratio ("LCR")

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (**"LCR"**), which aim to ensure that an NBFC maintains an adequate level of unencumbered **("HQLAs")** which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is computed as per the formula given below:

LCR = Stock of High-Quality Liquid Assets (**"HQLAs"**) / Total Net Cash Outflows over the next 30 calendar days

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management (**"ALM"**) Committee oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. The above is periodically monitored and reviewed by ALCO.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 49 (3)

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2022		Jul - Sep 2022		Oct-Dec 2022		Jan - Mar 2023	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	2,932.38	2,511.58	2,978.02	2,599.95	1,963.05	1,652.24	1,659.28	1,420.28
	Cash Outflows:								
2	Deposits (for deposit taking companies)	809.97	931.47	914.72	1,051.92	776.15	892.57	502.84	578.27
3	Unsecured wholesale funding	19.42	22.33	18.67	21.47	17.92	20.61	17.69	20.34
4	Secured wholesale funding	2,250.11	2,587.62	816.89	939.43	681.17	783.35	446.88	513.91
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	849.26	976.65	539.55	620.48	745.75	857.61	701.69	806.95
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,928.76	4,518.07	2,289.83	2,633.30	2,220.99	2,554.14	1,669.10	1,919.47
	Cash Inflows:								
9	Secured Lending	5,311.38	3,983.54	5,430.92	4,073.19	6,274.97	4,706.23	6,128.85	4,596.64
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	1,376.66	1,032.50	749.95	562.47	10.57	7.93	9.01	6.76
12	TOTAL CASH INFLOWS	6,688.04	5,016.04	6,180.87	4,635.66	6,285.54	4,714.16	6,137.86	4,603.40
13	TOTAL HQLA		2,511.58		2,599.95		1,652.24		1,420.28
14	TOTAL NET CASH OUTFLOWS		1,129.52		658.33		638.53		479.87
15	LIQUIDITY COVERAGE RATIO (%)		222.36%		394.93%		258.76%		295.97%
	Components of HQLA								
	- Cash on Hand		262.93		286.59		263.85		234.17
	- Balances with Banks		565.45		801.09		145.15		230.11
	- Government Securities		2,104.00		1,890.33		1,554.05		1,195.00
	- Commercial Paper		-		-		-		-
	TOTAL		2,932.38		2,978.01		1,963.05		1,659.28

*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

For the year ended 31st March 2022

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2021		Jul - Sep 2021		Oct-Dec 2021		Jan - Mar 2022	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
	High Quality Liquid Assets								
1	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
	Cash Outflows:								
2	Deposits (for deposit taking companies)	682.74	785.15	1,635.64	1,880.99	1,276.50	1,467.97	627.71	721.87
3	Unsecured wholesale funding	36.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80
4	Secured wholesale funding	1,483.67	1,706.22	1,180.05	1,357.05	677.07	778.64	534.00	614.11
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	629.15	723.52	853.91	982.00	415.39	477.70	619.63	712.57
6	Other contractual funding obligations	221.67	254.92	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	3,053.60	3,511.64	3,705.22	4,261.00	2,396.55	2,756.04	1,802.91	2,073.35
	Cash Inflows:								
9	Secured Lending	4,644.86	3,483.65	5,010.88	3,758.16	5,504.50	4,128.38	5,254.72	3,941.04
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00
12	**TOTAL CASH INFLOWS**	4,644.86	3,483.65	12,210.88	9,158.16	11,221.16	8,415.88	8,854.72	6,641.04
13	**TOTAL HQLA**		3,118.94		9,367.79		2,898.89		2,888.29
14	**TOTAL NET CASH OUTFLOWS**		877.91		1,065.25		689.01		518.34
15	**LIQUIDITY COVERAGE RATIO (%)**		355.27%		879.40%		420.73%		557.22%
	Components of HQLA								
	- Cash on Hand		341.07		249.26		300.02		310.28
	- Balances with Banks		723.47		7,064.13		544.48		683.61
	- Government Securities		2,568.00		2,568.00		2,568.00		2,368.00
	- Commercial Paper		-		-		-		-
	TOTAL		3,632.54		9,881.39		3,412.50		3,361.89

*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

49.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure is as follows:

(₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended 30th September 2022	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended 31st March 2023
Personal Loans	324.45	45.73	-	136.79	141.93
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	324.45	45.73	-	136.79	141.93

49.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No .109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

For the year ended 31st March 2023

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
Sub-Total		1,12,694.35	1,316.46	1,11,377.89	563.47	752.99
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,591.33	884.65	2,706.68	393.71	490.94
Doubtful - up to 1 year	Stage 3	618.55	272.28	346.27	428.84	(156.56)
1 to 3 years	Stage 3	98.69	40.07	58.62	72.40	(32.33)
More than 3 years	Stage 3	16.19	5.55	10.64	8.86	(3.31)
Sub-Total for doubtful assets		733.43	317.90	415.53	510.10	(192.20)
Loss	Stage 3	2,673.13	2,673.13	-	2,673.13	-
Sub-Total for NPA		6,997.89	3,875.68	3,122.21	3,576.94	298.74
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
	Stage 3	6,997.89	3,875.68	3,122.21	3,576.94	298.74
	Total	1,19,692.24	5,192.14	1,14,500.10	4,140.41	1,051.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Note : In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March 2023 and accordingly, no amount is required to be transferred to impairment reserve.

For the year ended 31st March 2022

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
Sub-Total		1,08,880.26	574.32	1,08,305.94	435.52	138.80
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,905.11	397.72	1,507.39	267.39	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	395.26	521.22	179.43
1 to 3 years	Stage 3	297.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	–	–	–	–	–
Sub-Total for doubtful assets		1,393.28	895.41	497.87	675.82	219.59
Loss	Stage 3	2,643.82	2,643.82	0.00	2,643.82	0.00
Sub-Total for NPA		5,942.21	3,936.95	2,005.26	3,587.03	349.92
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	–	–	–	–	–	–
Sub-Total	–	–	–	–	–	–
Total	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
	Stage 3	5,942.21	3,936.95	2,005.26	3,587.03	349.92
	Total	1,14,822.47	4,511.27	1,10,311.20	4,022.55	488.72

49.6 In terms of RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications", the Company has revised its process of NPA classification by flagging of the borrower accounts as overdue as part of the day-end process for the due date.

49.7 Disclosure pursuant to RBI notification RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated April 19, 2022
Loans to Directors, Senior Officers and relatives of Directors

Particulars	31st March 2023		31st March 2022	
	Sanctioned during the year	Outstanding balance	Sanctioned during the year	Outstanding balance
Directors and their relatives	-	-	-	-
Entities associated with directors and their relatives	F 113 350.00	72.69	410.00	90.77
Senior Officers and their relatives #	2.00	6.38	-	9.17

Sri S Venkatesh, resigned from the position of Company Secretary and Compliance Officer w.e.f. 6th March, 2023

49.8 Disclosures as required under guidelines on Scale Based Regulations for NBFCs issued by RBI by notification no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April 2022.

1) Compliance with Scale Based Regulations ("SBR")

The SBR was notified by the Reserve Bank of India (**"RBI"**) effective 1st October 2022. The RBI has classified the Company as NBFC in Middle Layer (**"ML"**). We have ensured full compliance with various requirements prescribed under SBR for NBFC-ML within the specified timelines including adopting policy for enhanced regulatory framework, Policy on Internal Capital Adequacy Assessment Process (**"ICAAP"**), complying with exposure norms, setting limits for sensitive sector exposure etc.

2) Exposure to real estate sector

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
i) Direct exposure		
a) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures:		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
Total Exposure to Real Estate Sector	-	-

3) Exposures to capital market

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**111.47**	75.09
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	-	-
Total exposure to capital market	**111.47**	75.09

4) Sectoral exposures

(₹ Lakhs)

Sectors	31st March 2023			31st March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	3,136.00	107.45	3.43%	1,896.81	30.73	1.62%
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i. Transport Operators	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
ii. Others	-	-	-	-	-	-
Total of Services (i+ii)	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
4. Personal Loans	-	-	-	-	-	-
5. Others	22,290.37	1,513.14	6.79%	23,333.45	331.65	1.42%

5) Intra-group exposures

Particulars	31st March 2023	31st March 2022
i) Total amount of intra-group exposures	1,719.46	1,701.06
ii) Total amount of top 20 intra-group exposures	1,719.46	1,701.06
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1.44%	1.48%

6) Unhedged foreign currency exposures

Particulars	31st March 2023	31st March 2022
Details of Unhedged Foreign Currency Exposures	Nil	Nil
Policies to manage currency induced risk	Nil	Nil

7) Related Party Disclosures

(₹ Lakhs)

Related Party / Items	Parent (as per ownership or control)		Promoter Group		Key Management Personnel		Directors		Relatives of Key Management Personnel		Others		Total	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022
Balance Outstanding at the end of the year														
Borrowings	-	-	571.25	435.97	-	-	-	-	1,035.00	735.00	-	-	1,606.25	1,170.97
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,588.84	1,562.31	6.38	9.17	-	-	-	-	902.90	951.51	2,498.12	2,522.99
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding during the year														
Borrowings	-	-	563.25	373.76	-	-	-	-	875.00	575.00	-	-	1,438.25	948.76
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,500.00	1,500.00	-	-	-	-	-	-	850.00	850.00	2,350.00	2,350.00
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others														
Loans and advances given (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Advance for Property, Plant and Equipment (Asset)	-	-	-	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Loans and advances repaid (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Investment in NCD (Liability)	-	-	197.10	-	-	-	-	-	300.00	300.00	-	-	497.10	300.00
Investment in Preference Shares (Liability)	-	-	-	216.70	-	-	-	-	-	-	-	-	-	216.70
Rent Paid	-	-	-	-	-	-	117.53	-	-	-	-	-	117.53	-
Resource Mobilisation Charges	-	-	272.12	-	-	-	-	-	-	-	-	-	272.12	-

8) Disclosure of Complaints

S. No	Particulars	31st March 2023	31st March 2022
	Complaints received by the NBFC from its customers	-	-
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	486	-
3	Number of complaints disposed during the year	486	-
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

9) Top five grounds of complaints received from customers

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
31st March 2023					
Ground - 1 - NOC Related	-	196	NA	-	-
Ground - 2 - Statement of Account (SOA) Related	-	72	NA	-	-
Ground - 3 - Process Related	-	57	NA	-	-
Ground - 4 - Settlement Related	-	46	NA	-	-
Ground - 5 - AHC Related	-	39	NA	-	-
Others	-	76	NA	-	-
Total	-	486		-	-

Note :

Customer Complaints : The Company has been maintaining the details for the Customer Complaints from October 2021 to 31st March 2022. Accordingly, the percentage for the figures (2023 vs 2022) are not strictly comparable. Further, the details of such complaints are not available for the Financial year ended 31st March 2021 and hence not disclosed.

10) Breach of covenant

There were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended March 31, 2023 and March 31, 2022

11) Divergence in Asset Classification and Provisioning

a) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 % of the reported profits before tax and impairment loss on financial instruments for the reference period. Not applicable

b) The additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period.

(₹ Lakhs)

S.No	Particulars	Amount
1	Gross NPAs as on March 31, 2022* as reported by the NBFC	5,942.21
2	Gross NPAs as on March 31, 2022 as assessed by the Reserve Bank of India/ NHB	6,643.10
3	Divergence in Gross NPAs (2-1)	700.89
4	Net NPAs as on March 31, 2022 as reported by the NBFC	2,005.26
5	Net NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	2,552.15
6	Divergence in Net NPAs (5-4)	546.89
7	Provisions for NPAs as on March 31, 2022 as reported by the NBFC	3,936.95
8	Provisions for NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	4,090.95
9	Divergence in provisioning (8-7)	154.00
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2022	2,326.41
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	951.88
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning (Refer note below)	951.88

* March 31, 2022 is the close of the reference period in respect of which divergences were assessed.

Note : The adjusted notional net profit for the year ended 31st March 2022 is disclosed as the same as reported Net Profit After Tax despite the divergence in provisioning (as per IRACP) amounting to ₹ 154.00 Lakhs. This is in view of the fact that the Company as on 31st March 2022 is holding ₹ 488.72 Lakhs excess provision in Expected Credit Loss (**"ECL"**) as per IND AS 109 compared to provisioning as per IRACP norms.

50. Disclosure under Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a) Loans and advances in the nature of loans to subsidiaries	-	-
Name of the Company	-	-
Amount	-	-
b) Loans and advances in the nature of loans to associates		
Name of the Company	-	-
Amount	-	-
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
ABT Industries Limited	30.97	-
Sakthi Foundation	37.13	81.76
Suddha Sanmarga Nilayam	4.59	9.01
d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.		

51. Disclosure under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of an exclusive mortgage of an immovable property of the Company in favour of Debenture Trustees, situated at 'GDA House', First FLoor, Plot No.85, Bhusari Colony (Right), Paud Road, Pune.

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

During April 2023, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures (**"NCDs"**) of ₹ 1,000 each for an amount not exceeding ₹ 10,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating ₹ 20,000 lakhs. The NCD issue opened on 17th April 2023 and closed on 28th April 2023 the scheduled closure date, The Company received a valid subscription for ₹ 14,686.04 lakh. The Company

made allotment of 14,68,604 NCDs aggregating ₹ 14,686.04 lakh to the eligible allottees on 8th May 2023. The NCDs have been listed and admitted for trading with BSE Limited with effect from 8th May,2023.The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

53. Disclosure under Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

54. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.

55. There were no whistle blower complaints received by the Company during the financial year ended March 31, 2023 and March 31, 2022. (Refer Note 21 of Board's Report and Refer Note 26(c) of Corporate Governance Report).

56. The Company has maintained proper books of accounts in electronic mode in servers physically located in India and further the Company has complied with the process of taking daily back-up of books of accounts as per Notification No. G.S.R. 624(E) dated 5th August 2023 issued by Ministry of Corporate Affairs.

57. There have been no events after the reporting date that require disclosure in these financial statements. The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised as a liability in the books in accordance with IND AS 10.

58. No fraud by the Company or on the Company has been noticed or reported in relation to the Financial Year 2022-23 and 2021-22.

59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No. : 002485S

MAHESH PRABHU
Partner
Membership No. 214194

Coimbatore
26th May 2023

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

C.SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

Audited Financial Statements as at and for the Financial Year ended March 31, 2022

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CSK Prabhu & Co

Chartered Accountants

Srivari Kikani Centre
F4,4th Floor, Krishnaswamy Mudaliar Road,
Coimbatore-641002 India

email: csk@cskprabhu.com
Telephone: 0422-2552437
website: www.cskprabhu.com

INDEPENDENT AUDITORS' REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited ("**the Company**"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "**the Financial Statements**").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to Note 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.

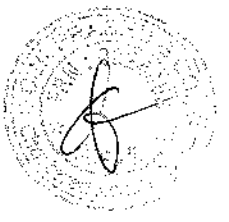
Key Audit Matters

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

Key Audit Matters (continued)

Description of Key Audit Matter

Key Audit Matters	How our audit addressed the Key Audit Matter
5.1 Asset Classification	
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). 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.	Our Key Audit Procedures included the following: • We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions. • The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("**ICAI**"). • Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance. • We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI. • The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. • Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.



Key Audit Matters	How our audit addressed the Key Audit Matter
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).	
Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgement include: 1. Categorization of loans into Stage 1, 2 and 3 based on identification of: a.Exposures with significant increase in credit risk since their origination and b.Individually impaired / default exposures and determination of Exposure at Default ('**EAD**'). 2.Techniques used to determine Loss Given Default ('**LGD**') and Probability of Default ('**PD**') to calculate ECL. 3.The impact of different forward-looking information including future macro-economic conditions in the determination of ECL. 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. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.	Our Key Audit Procedures included the following: • 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. Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.

In respect of accounts where moratorium benefits had been extended based on RBI's COVID-19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.	
5.3 Information technology system	
The dependence of Information technology ("**IT**") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.	Our audit procedures focused on the following: • IT infrastructure and applications relevant to the financial reporting. • Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("**IS**") Audit performed in respect thereof. • Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run. • The aspects covered in the IT systems General Control audit were: (i) User Access Management (ii)System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system; • Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting. • Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.

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 controlsthat 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.

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

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that amatter 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.

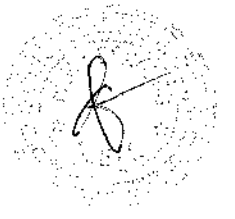
    d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    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 Rule11 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.

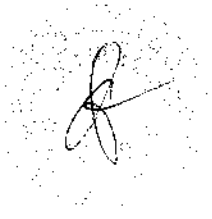
(ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 37(j) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing 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.



Report on Other Legal and Regulatory Requirements (continued)

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

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

for **CSK Prabhu & Co.**
Chartered Accountants
Firm's Registration No: 002485S

CSK Prabhu
Partner
Membership No: 019811
UDIN: 22019811ALRLSD1519

Coimbatore
24 May 2022

Sakthi Finance Limited
Annexure A to the Independent Auditors' Report

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

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

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

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

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

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

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

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

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

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

(iii) (a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (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 Rs.3,738.65 Lakhs, Interest Amount Overdue is Rs.778.13 Lakhs, and Total Amount Overdue is Rs.4,516.78 Lakhs.

(e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the order is not applicable.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2022 stood at Rs.92.48 lakhs (Previous Year Rs.96.62 lakhs) representing 0.001% (Previous Year 0.001%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

(iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("**NBFC**") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

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

Name of the statue	**Nature of dues**	**Amount*** **(₹ In Lakhs)**	**Period to which the amount relates (Financial Year)**	**Forum where dispute is pending**
Income Tax Act, 1961	Income tax	9.83	2011-12	Assessing Officer
Income Tax Act, 1961	Income tax	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 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.

Sakthi Finance Limited
Annexure A to the Independent Auditors' Report

(xviii) During the year, the previous statutory auditors of the Company have resigned pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

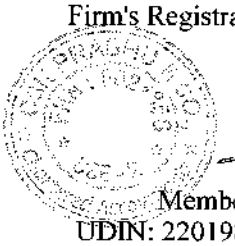
(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 39 and Note 46 (Liquidity Risk) to the Ind AS Financial Statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

(b) On the basis of information and explanations given to us by the Company, the Company has no ongoing projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 38 to the Ind AS Financial Statements).

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

for **CSK Prabhu & Co**
Chartered Accountants
Firm's Registration No: 002485S



CSK Prabhu
Partner
Membership No: 019811
UDIN: 22019811ALRLSD1519

Coimbatore
24 May 2022

Sakthi Finance Limited
Annexure B to the Independent Auditors' 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.

Sakthi Finance Limited
Annexure B to the Independent Auditors' Report
Auditors' Responsibility (continued)

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for ouraudit opinion on the Company's internal financial controls with reference to Financial Statements.

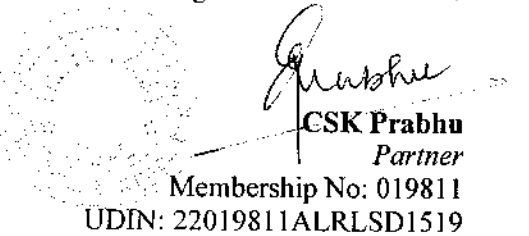
Meaning of Internal Financial Controls with Reference to Financial Statements

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 includethose 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 ofunauthorized 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's Registration No: 002485S



CSK Prabhu
Partner
Membership No: 019811
UDIN: 22019811ALRLSD1519

Coimbatore
24 May 2022

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		**1,26,943.00**	1,23,775.42
The accompanying Notes form an integral part of the Financial Statements	1 -59		

See accompanying Notes to the Financial Statements
As per our report of even date
For CSK Prabhu & Co
Chartered Accountants
Firm Regn. No.: 002485S

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. : 002485S

CSK PRABHU
Partner
Membership No. 019811

Place : Coimbatore
Date : 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

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

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

(₹ Lakhs)

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-IC of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefit obligations		
Balance at the beginning of the current reporting period 1st April 2021	-	-	**52.61**	**1,429.80**	**4,436.00**	**3,352.67**	**3,478.91**	-	**(36.98)**	-	-	-	**13.93**	-	**12,726.94**
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	**52.61**	**1,429.80**	**4,436.00**	**3,352.67**	**3,478.91**	-	**(36.98)**	-	-	-	**13.93**	-	**12,726.94**
Total Comprehensive Income for the year							951.88		22.78				10.44		**985.10**
Dividends							(388.24)								**(388.24)**
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	190.38	(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-IC of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefit obligations		
Balance at the beginning of the current reporting 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. : 002485S

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
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
A. Cash flow from Operating activities		
Profit before tax	1,292.04	1,257.44
Adjustment to reconcile profit before tax to net cash flows :		
Non-cash expenses		
Depreciation, amortisation	491.07	421.70
Impairment on Loan Assets	878.54	641.18
Bad debts and write-offs	157.35	166.76
Remeasurement gain/(loss) on defined benefit plans	13.95	2.19
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 seperately		
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. : 002485S

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

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

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.

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

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

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:

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

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

a. the nature, characteristics and risks of the asset or liability; and

b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

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

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

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

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

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

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 enefit 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					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	**Total**
Undisputed Trade receivables – considered good	-	23.48	73.89	-	-	-	**97.37**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	100.81	15.54	-	**116.35**
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(4.66)	(19.59)	(18.71)	(1.51)	-	**(44.47)**

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					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
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
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	Number	Face Value per unit (₹)	As at 31st March 2022	As at 31st March 2021
7. INVESTMENTS				
At Amortised Cost				
Investments in Government Securities				
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 shcedule

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 shcedule

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 oustanding 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 beyong 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 suceeding 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:

i. There is no debt securities measured at FVTOCI or designated at FVTPL.

ii. 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).

iii. 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
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		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	**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

iii) Shriram Transport Finance Company Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Morato-rium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commence-ment 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
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

(₹ 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

Inrespect of Sub-Ordinated Liabilities subscribed by related parties refer Note 44

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
18. OTHER FINANCIAL LIABILITIES		
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
-Unclaimed dividends	**46.42**	56.73
-Unclaimed matured deposits and Interest accrued theron	**251.20**	349.05
-Unclaimed matured Sub-Ordinated Debts and Interest accrued theron	**25.41**	49.32
-Unclaimed matured debentures and Interest accrued theron	**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	**10,000.00**	10,000.00
(FY 2021 10,00,00,000 Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	**3,000.00**	3,000.00
(FY 2021 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)		
	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	**6,470.59**	6,470.59
(FY 2021 : 6,47,05,882 Equity Shares of ₹ 10 each)		
	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 (₹ Lakhs)

Particulars	31st March 2022	31st March 2021
Face Value per share (₹)	**10.00**	10.00
Dividend Percentage	**6%**	6%
Dividend per Share (₹)	**0.60**	0.60
Dividend on equity shares	**388.24**	388.24
Total Dividend	**388.24**	388.24

Note : The dividends proposed for the financial year 31st March 2022 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

(₹ Lakhs)

Particulars	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

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	**(36.98)**	(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.

(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).

(₹ Lakhs)

Particulars	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

(₹ Lakhs)

Particulars	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 appeall 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 exluding 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)

a. There are no Title deeds of Immovable Properties that were not held in name of the Company.

b. The Company measures investment property using cost based measurement.

c. There were loans and advances in the nature of loans, which are granted to promoters, directors, 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%

d. There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

e. In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of account.

f. The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender.

g. The Company did not have any transactions with the companies struck off under Section 248 of 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/-

h. The Company did not have have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.

i. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the

understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.

l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 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 -

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

b. revaluation reserves at discounted rate of fifty five percent;

c. General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets.

d. hybrid debt capital instruments;

e. Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital and

f. 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		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	1,449.51	-	**1,449.51**	1,364.11	-	**1,364.11**
Bank Balances other than Cash and Cash Equivalents	1,129.31	-	**1,129.31**	375.79	-	**375.79**
Derivative Financial Instruments	-	-	-	-	-	-
Receivables						
(i) Trade Receivables	169.25	-	**169.25**	182.41	-	**182.41**
(ii) Other Receivables	16.56	-	**16.56**	3.52	-	**3.52**
Loans	54,813.83	55,497.37	**110,311.20**	48,784.87	60,568.86	**109,353.73**
Investments	375.13	2,112.75	**2,487.88**	200.54	2,467.74	**2,668.28**
Other Financial Assets	1,000.32	712.59	**1,712.91**	973.64	856.79	**1,830.43**
Non-Financial Assets						
Current tax Assets (net)	17.40	-	**17.40**	-	-	-
Deferred tax Assets (net)	-	217.94	**217.94**	-	-	-
Investment Property	-	275.21	**275.21**	-	279.81	**279.81**
Property Plant and Equipment	-	5,946.63	**5,946.63**	-	6,122.29	**6,122.29**
Right of use assets	-	1,093.60	**1,093.60**	-	1,070.50	**1,070.50**
Intangible Assets under development	-	-	-	-	86.27	**86.27**
Other Intangible Assets	-	179.46	**179.46**	-	102.57	**102.57**
Other Non-Financial Assets	436.14	1,500.00	**1,936.14**	335.71	-	**335.71**
Total Assets	59,407.45	67,535.55	**1,26,943.00**	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		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Payables						
(I) Trade Payables						
(i) Total outstanding dues of micro enterprises and small enterprises	0.28	-	**0.28**	3.26	-	**3.26**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.76	-	**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	-	**175.13**	151.48	-	**151.48**
Debt Securities	10,075.19	31,484.85	**41,560.04**	7,010.62	21,700.64	**28,711.26**
Borrowings (Other than debt securities)	12,870.25	2,695.44	**15,565.69**	17,971.25	5,087.91	**23,059.16**
Deposits	6,160.73	2,379.87	**8,540.60**	8,700.54	8,385.81	**17,086.35**
Sub-Ordinated Liabilities	16,252.83	23,277.94	**39,530.77**	475.02	33,005.04	**33,480.06**
Other Financial Liabilities	966.77	459.37	**1,426.14**	1,267.55	404.82	**1,672.37**
Non-Financial Liabilities						
Current tax Liabilities (net)	-	-	-	47.29	-	**47.29**
Provisions	122.65	-	**122.65**	69.07	49.02	**118.09**
Deferred tax Liabilities (net)	-	-	-	-	39.48	**39.48**
Other Non-Financial Liabilities	99.55	-	**99.55**	68.47	-	**68.47**
Equity						
Equity Share Capital	-	6,470.59	**6,470.59**	-	6,470.59	**6,470.59**
Other Equity	-	13,323.80	**13,323.80**	-	12,726.94	**12,726.94**
Total Liabilities and Equity	46,851.14	80,091.86	**1,26,943.00**	35,905.17	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 invloves 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 Manage-ment Personnel	Relatives of Key Manage-ment 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 Vanavaraayar	-	-	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 Redeemble 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 Redeemble 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

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.

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

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

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			
		Level 1	Level 2	Level 3	Total
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			
		Level 1	Level 2	Level 3	Total
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

(₹ 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 an Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 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)
		31st March 2022 (Amount net of provisions)			31st March 2021 (Amount net of provisions)		
	Category	Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	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 derivaties transactions	-	-
4	**Disclosures relating to Securitisation**		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

NOTES TO THE ACCOUNTS (Contd....)

(₹ Lakhs)

5	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	51,359.65	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		

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

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:

LCR = Stock of High-Quality Liquid Assets (**"HQLAs"**) / 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)
	High Quality Liquid Assets										
1	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

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 Comapany	-	-
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 Seccurity, 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. : 002485S

CSK PRABHU
Partner
Membership No. 019811

Coimbatore
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

Audited Financial Statements as at and for the Financial Year ended March 31, 2021

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P.K. NAGARAJAN & CO
Chartered Accountants
ICAI FRN : 016676S

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Independent Auditor's Report

To

The Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Sakthi Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act,2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards)Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

P.K.NAGARAJAN & CO. Chartered Accountants CBE.9

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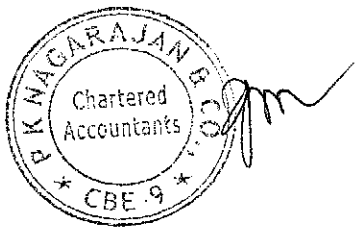
	information systems, audit/ inspection reports issued by the internal/secretarial auditors and RBI. The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.
5.2 Information Technology System The dependence of Information technology (IT) system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.	Our audit procedures focused on the IT infrastructure and applications relevant to the financial reporting: Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices. Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run. The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system; Understanding updation that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.



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	Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.
5.3 Impairment Loss Allowance Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset. The key areas of judgement include: 1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: a. exposures with significant increase in credit risk since their origination and b. Individually impaired/default exposures. 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL 3. The impact of different forward looking information including future macroeconomic conditions in the determination of ECL. These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost. Management has made a number of	We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology. We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. We also assessed the approach of the Company for categorisation of the loans in various stages reflecting the inherent risk in the respective loans. For a sample of financial assets, we tested the correctness of stage-wise categorisation, reasonableness of PD, accuracy of LGD and ECL computation. We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.

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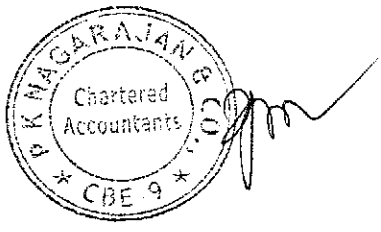
interpretations and assumptions when designing and implementing models that are compliant with the new standard. The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions. In respect of accounts where moratorium benefits had been extended based on RBI's COVID 19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.	Based on the above work performed, management's assessment of impairment loss allowance and related disclosure are considered to be reasonable.

Information Other than the financial statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's information but does not include the financial statements and our auditor's report thereon.

7. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

8. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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Responsibilities of Management and Those Charged with Governance for the financial statements

9. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

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

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

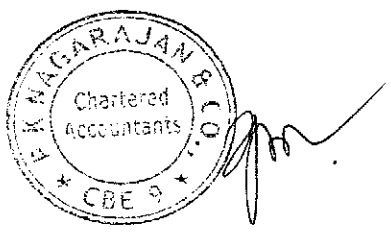
a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

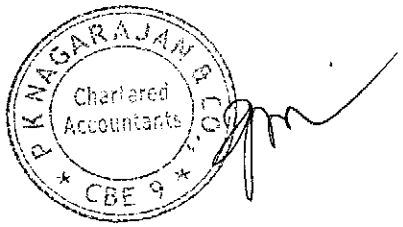
16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of the powers conferred by sub-section (11) of Section 143 of the Act we give in the "Annexure –A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



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(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of the written representations received from the Directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

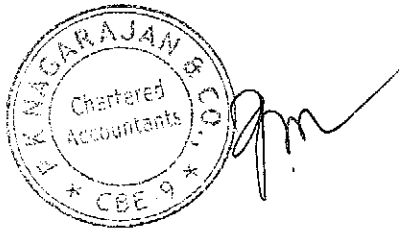
(f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act; and

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

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to Note 32 to the financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



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(iii) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") except for Rs. 500/- that has not been transferred to IEPF for the reason described in Note 17 to the financial statements.

P K NAGARAJAN & CO. Chartered Accountants * CBE 9 *

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

S P Muthusami
Partner
Membership Number:224171
UDIN: 21224171AAAAHV1828

Place: Coimbatore
Date: 30.06.2021

P.K. NAGARAJAN & CO
Chartered Accountants
ICAI FRN : 016676S

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

Referred to in paragraph 16 of Independent Auditor's Report of even date to the members of **Sakthi Finance Limited** on the financial statements for the year ended 31st March 2021

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 10 to the financial statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the company.

ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.

iii. The Company has granted unsecured loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us,

(a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of such loans overdue for more than ninety days.

iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties covered in section 185 of the Act. The Company has complied with provisions of section 186 of the Act to the extent applicable.

v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Act for the activities of the company.

vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other applicable material statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Assessing Officer
Finance Act, 1994	Service Tax	1,328.29	Oct 2009 to Sept 2014	Customs, Excise & Service Tax Appellate Tribunal

viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.

ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of public issue of non-convertible debentures and term loans during the year for the purpose for which those were raised.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

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xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Note 41 to the financial statements as required under the Indian Accounting Standard (Ind AS) 24.

xiv. During the year under review, the company has made private placement of preference shares and the requirements of Section 42 of the Act have been complied with. The amounts raised have been used for the purpose for which they were raised. Further, the company has not issued any fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, para 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us, we report that the company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

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

P.K. NAGARAJAN & CO Chartered Accountants CBE-9

S P Muthusami
Partner
Membership Number: 224171
UDIN: 21224171AAAAHV1828

Place: Coimbatore
Date: 30.06.2021

P.K. NAGARAJAN & CO
Chartered Accountants
ICAI FRN : 016676S

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

Referred to in paragraph 17(f) of the Independent Auditor's Report of even date to the members of **Sakthi Finance Limited** on the Financial Statements for the year ended 31st March 2021

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

1. We have audited the internal financial controls over financial reporting of Sakthi Finance Limited ("the Company") as at 31st March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for Internal Financial Controls:

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

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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4. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that

   a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

   b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and

   c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

P K NAGARAJAN & CO Chartered Accountants CBE-9

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

S P Muthusami
Partner
Membership Number: 224171
UDIN: 21224171AAAAHV1828

Place: Coimbatore
Date: 30.06.2021

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2021

(₹ Lakhs)

Particulars	Note	As at 31st March 2021	As at 31st March 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	3	1,364.11	1,112.79
Bank Balances other than cash and cash equivalents	4	375.79	469.39
Receivables	5		
(i) Trade Receivables		182.41	237.36
(ii)Other Receivables		3.52	8.69
Loans	6	1,09,353.73	1,07,046.18
Investments	7	2,668.28	2,659.80
Other Financial assets	8	1,830.43	2,163.38
Non-Financial Assets			
Current tax assets (net)		-	36.80
Investment Property	9	279.81	284.41
Property, Plant and Equipment	10 (a)	6,122.29	6,316.65
Right of use assets	10 (b)	1,070.50	1,211.97
Intangible assets under development	10 (c)	86.27	15.07
Other Intangible assets	10 (d)	102.57	114.95
Other non-financial assets	11	603.73	323.78
Total Assets		1,24,043.44	1,22,001.22
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	12		
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		140.62	160.76
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		151.48	101.99
Debt Securities	13	28,929.69	31,453.32
Borrowings (Other than debt securities)	14	23,059.16	21,218.20
Deposits	15	17,086.35	19,046.38
Sub-Ordinated Liabilities	16	33,529.65	29,216.13
Other financial liabilities	17	1,672.37	1,720.71

BALANCE SHEET AS AT 31ST MARCH 2021 (CONTD...)

(₹ Lakhs)

Particulars	Note	As at 31st March 2021	As at 31st March 2020
Non-Financial Liabilities			
Current tax liabilities (net)		**47.29**	-
Provisions	18	**118.09**	121.73
Deferred tax liabilities (net)	19	**39.48**	215.71
Other non-financial liabilities	20	**68.47**	91.89
EQUITY			
Equity Share Capital	21	**6,470.59**	6,470.59
Other Equity	22	**12,726.94**	12,176.94
Total Liabilities and Equity		**1,24,043.44**	1,22,001.22
The accompanying Notes form an integral part of the financial statements	1 - 51		

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

S.P. MUTHUSAMI
Partner
Membership No. 224171

Place : Coimbatore
Date : 30th June 2021

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

S. VENKATESH
Company Secretary
FCS 7012

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

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
REVENUE FROM OPERATIONS			
Interest Income	23	16,597.96	16,158.72
Rental Income		3.52	21.13
Fees and Commission Income	24	313.23	483.89
Sale of power from Wind Mills	25	181.07	208.43
Recovery of Bad Debts		37.01	150.44
Total Revenue from operations		17,132.79	17,022.61
Other Income	26	0.87	0.40
Total Income		17,133.66	17,023.01
Expenses			
Finance Costs	27	10,415.94	10,109.40
Fees and commission expense		188.08	174.25
Impairment on financial instruments	28	787.71	729.44
Employee Benefits Expenses	29	2,604.20	2,633.57
Depreciation and Amortization	30	421.70	465.61
Other Expenses	31	1,458.59	1,509.71
Total Expenses		15,876.22	15,621.98
Profit before exceptional items and Tax		1,257.44	1,401.03
Exceptional Items		-	-
Profit before Tax		1,257.44	1,401.03
Tax Expense:		331.65	283.09
- Current Tax		508.42	449.61
- Deferred Tax		(176.77)	(166.52)
Profit for the year		925.79	1,117.94
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		11.94	(22.38)
- Actuarial Changes in Defined benefit obligation		2.19	22.82
- Income Tax relating to items that will not be reclassified to profit or loss		(0.55)	(5.98)
Sub Total (A)		13.58	(5.54)
(B) Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income (A+B)		13.58	(5.54)
Total Comprehensive Income		939.37	1,112.40
Earnings per Equity Share			
Par Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.45	2.19
- Diluted (₹)		1.45	2.19
The accompanying Notes form an integral part of the financial statements	1-51		

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

S.P. MUTHUSAMI
Partner
Membership No. 224171

Place : Coimbatore
Date : 30th June 2021

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

S. VENKATESH
Company Secretary
FCS 7012

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

SAKTHI FINANCE LIMITED

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

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

(₹ Lakhs)

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

B. OTHER EQUITY (Refer Note 22)

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

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

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

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

S. VENKATESH
Company Secretary
FCS 7012

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

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars		For the year ended 31st March 2021	For the year ended 31st March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,257.44	1,401.03
Adjustment to reconcile profit before tax to net cash flows :			
Non-cash expenses			
Depreciation and amortisation		421.70	465.61
Impairment on Loan Assets		641.18	545.14
Bad debts and write-offs		166.76	170.29
Remeasurement gain/(loss) on defined benefit plans		2.19	22.82
Impairment on investments		3.46	2.80
Impairment on Trade receivables		(23.69)	11.21
Amortization of fees and Commission on financial liability		273.89	174.10
Income/expenses considered separately			
Income from investing activities		(252.83)	(253.59)
Net gain/loss on derecognition of property, plant and equipment		0.22	1.50
Finance costs		10,415.94	10,109.40
Operating profit before working capital changes		12,906.26	12,650.31
Movements in Working Capital:			
Decrease / (increase) in loans		(3,115.49)	(15,107.49)
Decrease / (increase) in Trade receivables		78.64	(127.04)
Decrease / (increase) in Other receivables		5.17	(8.69)
Decrease / (increase) in Other financial assets		344.83	(301.14)
Decrease / (increase) in Other non-financial assets		(69.54)	(94.37)
Increase / (decrease) in Trade Payables		(23.75)	(17.93)
Increase / (decrease) in Other Payables		49.49	(149.06)
Increase / (decrease) in Other financial liabilities		63.21	39.06
Increase / (decrease) in Other non- financial liabilities		(23.42)	(13.40)
Increase / (decrease) in Provisions		(3.64)	17.55
Cash used in operations		(2,694.50)	(15,762.51)
Income taxes paid (net of refunds)		(424.34)	(436.35)
Interest received on Bank deposits		31.66	21.19
Finance costs paid		(9,179.69)	(10,070.99)
Net Cash flows from / (used in) Operating Activities	**(A)**	639.39	(13,598.35)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		(140.66)	(82.08)
Purchase of investments at amortised cost		-	(51.87)
Proceeds from sale of investments at amortised cost		-	150.00
Proceeds from sale of property, plant and equipment and intangible assets		0.35	0.90
Interest income received from investment at amortised cost		221.17	232.40
Increase in earmarked balances with banks		93.60	225.65
Net cash flows from / (used in) Investing Activities	**(B)**	174.46	475.00

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (CONTD...)

(₹ Lakhs)

Particulars		For the year ended 31st March 2021	For the year ended 31st March 2020
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		-	2,500.00
Issue expense of Debt Securities		(211.53)	(358.51)
Proceeds from borrowings through Debt Securities		13,474.41	11,681.70
Repayment of borrowings through Debt Securities		(16,059.38)	(9,081.08)
Proceeds from borrowings through Deposits		702.12	4,461.38
Repayment of borrowings through Deposits		(2,738.22)	(3,846.90)
Proceeds from borrowings other than Debt Securities		5,600.00	5,500.00
Repayment of borrowings other than Debt Securities		(3,870.19)	(4,580.66)
Proceeds from borrowings through Sub-Ordinated Liabilities		3,837.70	14,496.80
Repayment of borrowings through Sub-Ordinated Liabilities		(781.62)	(8,652.45)
(Increase) / decrease in loan repayable on demand		25.04	(494.37)
Lease liability paid		(152.62)	(146.76)
Dividend paid (including tax)		(388.24)	(602.78)
Net cash flows from Financing Activities	(C)	(562.53)	10,876.37
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	251.32	(2,246.98)
Cash and cash equivalents at the beginning of the year		1,112.79	3,359.77
Cash and cash equivalents at the end of the year		1,364.11	1,112.79
Net cash provided by / (used in) Operating Activities includes:			
Interest received		16,345.13	15,905.13
Interest paid		(9,179.69)	(10,070.99)
Net cash provided by / (used in) operating activities		7,165.44	5,834.14
Cash and cash equivalents at the end of the years:			
i) Cash in hand		714.34	38.58
ii) Cheques on hand		540.37	977.21
iii) Balances with banks (of the nature of cash and cash equivalents)		109.40	97.00
Total		1,364.11	1,112.79

The accompanying Notes form an integral part of the financial statements

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

S.R. MUTHUSAMI
Partner
Membership No. 224171

Place : Coimbatore
Date : 30th June 2021

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

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Chairman
DIN : 00102233

S. VENKATESH
Company Secretary
FCS 7012

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

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

1. Company Overview

Sakthi Finance Limited **("SFL" or "the Company")** is a public limited Company having its Registered Office at 62, Dr. Nanjappa Road, Coimbatore, Tamilnadu - 641018. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

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

The Board of Directors, at their meeting held on 30th June 2021, approved the Financial statements of the Company for the year ended 31st March 2021.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards **("Ind AS")** notified under Section 133 of the Companies Act 2013 **("the Act")** read together with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable, Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking company (Reserve Bank) Directions 2016 **("the NBFC Master Directions")** and the notification for implementation of Indian Accounting Standard vide circular RBI/2019-20/170DOR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 ('RBI Notification for Implementation for Ind AS') issued by RBI.

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

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

b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs **("MCA")**. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

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

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

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

c. Use of Estimates, Judgements and Estimation uncertainty

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

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

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company.

d. Impact of Covid 19

The COVID 19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact

on the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowers as per Reserve Bank of India **("RBI")** directives issued from time to time. The relevant disclosures are given in Note 48 to the financial statements.

e. Financial Instruments

i. Initial Recognition

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

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

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

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

ii. Classification and Measurement

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

a) At amortised cost

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

c) At Fair Value Through Profit and Loss **("FVTPL")**

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

Financial Assets at Amortised Cost

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

Business model Assessment

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

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

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

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

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

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

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

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

Financial Assets at FVTOCI

Equity instruments

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

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

Financial liabilities at Amortised cost

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

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

iii. Reclassification of Financial Instrument

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

Till last year, the issue expenses relating to public issue of Non-Convertible Debentures was set-off against security premium. In the current year, the amortised issue expenses are written off in the statement of profit and loss and in future, the same write-off policy will continue.

iv. Derecognition of Financial Instruments

Financial Asset

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

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

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

Financial Liability

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

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

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

v. Impairment of Financial Assets

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

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

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

f. Fair Value Measurement

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

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

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

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

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

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

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

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

a. the nature, characteristics and risks of the asset or liability; and

b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

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

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

a. it is probable that future economic benefits associated with the item will flow to the entity; and

b. the cost of the item can be measured reliably.

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

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

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

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

Depreciation

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

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

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

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

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

h. Intangible Assets

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

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

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

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

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

i. Investment Property

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

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note 9. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

j. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non financial assets are tested for

impairment so as to determine the impairment loss if any at the end of each reporting period.

k. **Employee Benefits**

Short Term Employee Benefits

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

Defined Contribution Plan

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

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

Defined Benefit Plan

Gratuity

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

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

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

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("**OCI**") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit and loss.

l. **Income**

i. **Interest Income**

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

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

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

Interest levied on customers for delay in repayments/non-payment of contractual cash flows is recognised on realisation.

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ii. **Dividend Income**

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

iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

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

iv. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of service delivery. Cheque Bounce charges levied on customers for non payment of instalment on the contractual date is recognised on realisation. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

v. Sale of Power from Windmills

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

vi. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

m. Foreign Currency Transaction

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

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

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

n. Borrowing Costs

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

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

o. Income Taxes

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

i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

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

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognised either in Other Comprehensive Income or in other equity.

p. Goods and Services Input Tax Credit

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

q. Leases

As a Lessee

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

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

Lease Liability is initially measured at the present value of the lease payments that are not paid as at that date of recognition discounted at the Company's incremental borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

Amendments to Ind AS 116 Covid-19 Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. This amendment had no significant impact on the financial statements of the Company.

As a Lessor

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

r. Provisions and Contingent Liabilities

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

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

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

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

s. Cash and Cash Equivalents

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

t. Statement of Cash Flow

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

u. Earnings Per Share ("EPS")

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

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

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

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
3. CASH AND CASH EQUIVALENTS		
Cash on hand	714.34	38.58
Balance with Banks in Current Accounts	109.40	97.00
Cheques, drafts on hand	540.37	977.21
Total	1,364.11	1,112.79
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts	56.83	56.39
Term Deposits with Banks :		
- Free	-	-
- Under Lien #	318.96	413.00
Total	375.79	469.39

 # Details of Term Deposits under lien

Particulars	As at 31st March 2021		As at 31st March 2020	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets*	318.96	12.83	413.00	11.88
Total	318.96	12.83	413.00	11.88

* In accordance with the Reserve Bank of India Directives, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the company.

5. RECEIVABLES		
(i) Trade Receivables		
Unsecured - Considered good		
- Unsecured - Considered good	111.14	163.82
- Unsecured - Credit Impaired	120.43	146.40
Less: Impairment Allowance	(49.16)	(72.86)
Total	182.41	237.36
(ii) Other Receivables		
Unsecured - Considered good	3.52	8.69
Total	3.52	8.69

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

6. LOANS		
(A) Loans (at amortised cost) *		
Hire Purchase Loans#	1,12,645.02	1,08,363.51
Loans Repayable on Demand	81.36	1,315.22
Other Loans ##	260.08	358.98
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	(3,632.73)	(2,991.53)
Total (Net)	1,09,353.73	1,07,046.18
(B) (i) Secured by Tangible Assets	1,12,645.02	1,08,363.51
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Guarantee	-	-
(iv) Unsecured	341.44	1,674.20
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	(3,632.73)	(2,991.53)
Total (Net)	1,09,353.73	1,07,046.18

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
(C) (i) Loans in India	-	-
(a) Public Sector		
(b) Others	1,12,986.46	1,10,037.71
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	(3,632.73)	(2,991.53)
Total (Net) - C (i)	1,09,353.73	1,07,046.18
(ii) Loans Outside India	-	-
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	1,09,353.73	1,07,046.18

* There is no loan assets measured or designated at FVTOCI or FVTPL
# Includes Repossessed Assets
Represents Staff Loans
Refer Note 41 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

7. INVESTMENTS

At Amortised Cost Investments in Government Securities	Number	Face Value per unit (₹)		
Quoted				
Bonds of Central and State Governments #	25,68,000	100	2,577.61	2,581.07
Total (A)			2,577.61	2,581.07
At Fair value through Other Comprehensive Income				
Investments in Equity Instruments				
Quoted - Associates				
Sakthi Sugars Limited	5,52,833	10	52.30	40.36
Quoted - Others				
Stiles India Limited	100	10	-	-
Total (B)			52.30	40.36
At Cost				
Investments in Equity Instruments				
Unquoted - Associates				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited	1,25,000	10	12.50	12.50
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
Unquoted - Others				
ABT Co-operative Stores Limited	500	10	0.05	0.05
Chokhani International Limited	100	10	0.02	0.02
Total (C)			38.43	38.43
Total (Gross) - (A+B+C)			2,668.34	2,659.86
(i) Investments Outside India			-	-
(ii) Investments In India			2,668.34	2,659.86
Total			2,668.34	2,659.86
Less: Impairment Loss Allowance			0.06	0.06
Total (Net)			2,668.28	2,659.80

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

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
8. OTHER FINANCIAL ASSETS		
- Interest accrued on Government Securities	56.16	56.69
- Interest accrued on Term Deposits		
- Free	-	-
- Under Lien (Refer Note 4)	12.83	11.88
- Security Deposits	169.38	184.43
- Other Loans and Advances	1,562.29	1,896.74
- Advance to Employees	29.77	13.64
Total	1,830.43	2,163.38

9. a) INVESTMENT PROPERTY

Particulars	Land	Building	Total
Carrying amount as at 1st April 2019	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2020	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2021	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2019	-	4.60	4.60
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
Net carrying amount			
As at 31st March 2020	66.87	217.54	284.41
As at 31st March 2021	66.87	212.94	279.81
Useful Life of the Asset (in years)	-	60	-

9. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Rental Income - Building	3.52	21.13
Direct operating expenses on properties not generating rental income to include	0.49	2.13

9. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2020	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

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

10 (a) Property, Plant and Equipment - Tangible Assets

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying amount as at 1st April 2019	**2,764.91**	**1,712.64**	**85.91**	**1,615.39**	**308.33**	**97.79**	**116.54**	**6,701.51**
Additions	-	0.25	8.80	-	25.94	-	48.44	83.43
Deductions	-	-	1.49	-	0.93	0.63	-	3.05
Carrying amount as at 31st March 2020	**2,764.91**	**1,712.89**	**93.22**	**1,615.39**	**333.34**	**97.16**	**164.98**	**6,781.89**
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Deductions	-	-	-	-	-	-	0.57	0.57
Carrying amount as at 31st March 2021	**2,764.91**	**1,712.89**	**94.21**	**1,615.39**	**337.20**	**97.16**	**210.93**	**6,832.69**
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2019	-	52.88	6.93	104.57	28.94	12.98	20.69	226.99
Depreciation for the year	-	55.10	7.78	104.57	34.78	13.50	23.17	238.90
Depreciation on deductions	-	-	0.23	-	-	0.42	-	0.65
Balance as at 31st March 2020	-	**107.98**	**14.48**	**209.14**	**63.72**	**26.06**	**43.86**	**465.24**
Depreciation for the year	-	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on deductions	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	**162.00**	**22.45**	**313.71**	**99.88**	**39.56**	**72.80**	**710.40**
Net carrying amount								
As at 31st March 2020	2,764.91	1,604.91	78.74	1,406.25	269.62	71.10	121.12	6,316.65
As at 31st March 2021	**2,764.91**	**1,550.89**	**71.76**	**1,301.68**	**237.32**	**57.60**	**138.13**	**6,122.29**
Useful Life of the Asset (in years)	-	**60**	**15**	**22**	**10**	**8**	**10**	-

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2021 (Refer Note 13 & 14)

As at 31st March 2020	427.29	1,428.80	-	1,406.25	-	-	-	**3,262.34**
As at 31st March 2021	173.80	1,391.56	-	-	-	-	-	**1,565.36**

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

(₹ Lakhs)

10 (b) Right of use Assets

Particulars	Amount
Carrying amount as at 1st April 2019	**1,439.35**
Additions	53.18
Deductions	–
Carrying amount as at 31st March 2020	**1,492.53**
Additions	–
Deductions	7.97
Carrying amount as at 31st March 2021	**1,484.56**
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2019	135.72
Depreciation for the year	144.84
Depreciation on deductions	–
Balance as at 31st March 2020	**280.56**
Depreciation for the year	133.50
Depreciation on deductions	–
Balance as at 31st March 2021	**414.06**
Net carrying amount	
As at 31st March 2020	**1,211.97**
As at 31st March 2021	**1,070.50**

10 (c) Intangible Assets under development

Particulars	Amount
Carrying amount as at 1st April 2019	–
Additions	15.07
Deductions	–
Carrying amount as at 31st March 2020	**15.07**
Additions	71.20
Deductions	–
Carrying amount as at 31st March 2021	**86.27**
As at 31st March 2020	**15.07**
As at 31st March 2021	**86.27**

10 (d) Other Intangible Assets - Computer Software

Particulars	Amount
Carrying amount as at 1st April 2019	**261.73**
Additions	1.88
Deductions	-
Carrying amount as at 31st March 2020	**263.61**
Additions	15.25
Deductions	-
Carrying amount as at 31st March 2021	**278.86**
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2019	71.40
Depreciation for the year	77.26
Depreciation on deductions	-
Balance as at 31st March 2020	**148.66**
Depreciation for the year	27.63
Depreciation on deductions	-
Balance as at 31st March 2021	**176.29**
Net carrying amount	
As at 31st March 2020	**114.95**
As at 31st March 2021	**102.57**
Useful Life of the Asset (in years)	**6**

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
11. OTHER NON-FINANCIAL ASSETS		
Considered good - Unsecured :		
- Prepaid Expenses	103.49	112.64
- GST Input Tax Credit (Refer Note 2 (p))	221.21	143.34
- Debenture Issue Expenses	268.01	57.60
- Others	11.02	10.20
Total	603.73	323.78
LIABILITIES AND EQUITY		
12. PAYABLES		
(I) Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	160.76
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	151.48	101.99
Total	295.36	269.62

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 (**"MSMED Act"**), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	3.26	6.87
	- Interest on the above	-	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		
	Total	3.26	6.87

13. DEBT SECURITIES		
At Amortised Cost		
Non-Convertible Debentures - Secured	28,929.69	31,453.32
Total	28,929.69	31,453.32
Debt Securities in India	28,929.69	31,453.32
Debt Securities outside India	-	-
Total	28,929.69	31,453.32

Note: i. There is no debt securities measured at FVTPL or designated at FVTPL

ii. The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having a carrying value of ₹ **30,902.68 lakhs** (31st March 2020 : ₹ 30,772.56 Lakhs).

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

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

Details of Non-Convertible Debentures - Secured :

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
A) (i) Issued on private placement basis - Face Value of ₹ 1		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	-	1,310.00
Sub-Total A (i)	-	1,310.00
(ii) Issued on private placement basis - Face Value of ₹ 1000		
- Repayable on maturity:		
Interest Range 8.50% to 10%		
Maturing within 1 year	4,628.00	2,443.50
Maturing between 1 to 2 years	3,201.00	3,659.00
Maturing between 2 to 3 years	3,426.30	2,804.50
Sub-Total A (ii)	11,255.30	8,907.00
Total A (i+ii)	11,255.30	10,217.00
Add : Interest accrued but not due	569.28	364.37
Less: unamortized charges	52.10	54.82
Total Amortized Cost (A)	11,772.48	10,526.55
B) Public Issue - Face Value of ₹ 1000		
Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	1,991.39	-
Maturing between 1 year to 2 years	5,324.98	1,991.39
Maturing between 2 years to 3 years	5,489.32	1,661.32
Maturing between 3 years to 4 years	3,272.12	3,742.49
Interest Range 10% to 11%		
Maturing within 1 year	-	11,040.05
Sub-Total (B)	16,077.81	18,435.25
Add : Interest accrued but not due	1,079.40	2,491.52
Total Amortized Cost (B)	17,157.21	20,926.77
Total Amortized Cost (A+B)	28,929.69	31,453.32

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
14. BORROWINGS (OTHER THAN DEBT SECURITIES)		
At amortized cost		
Term Loan - Secured		
- From Banks	5,568.31	1,601.00
- From Other Lenders	2,925.80	5,077.19
Loan Repayable on Demand		
- Cash Credit Facilities from Banks	14,565.05	14,540.01
Total	23,059.16	21,218.20
Borrowings in India	23,059.16	21,218.20
Borrowings outside India	-	-
Total	23,059.16	21,218.20

There are no borrowings measured or designated at FVTPL

a) Term loans from Banks are secured as under :

i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	4,398.00	-
2	600.00	7.25%	30.11.2020	30.04.2022			430.00	-
						Add : Interest accrued but not due	-	-
						Less: unamortized charges	56.52	-
						Total Amortized Cost	4,771.48	-

ii) AU Small Finance Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	2,500.00	10.65%	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	608.11
						Add : Interest accrued but not due	-	2.88
						Less: unamortized charges	-	2.13
						Total Amortized Cost	-	608.86

(₹ Lakhs)

iii) Indusind Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	512.52	634.61
2	350.00	12.00%	04.03.2020	04.06.2023	3 Mths		274.29	340.22
						Add : Interest accrued but not due	6.98	8.65
						Less: unamortized charges	3.05	4.73
						Total Amortized Cost	790.74	978.75

iv) HDFC Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	19.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta GX Car	6.09	13.39
						Total Amortized Cost	6.09	13.39

b) Term loans from other Lenders are secured as under:

i) Sundaram Finance Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,000.00	10.25%	10.10.2017	10.02.2021	5 Mths	Exclusive charge on 17 Wind Mills situated at Tirunelveli/Tirupur Dist in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	-	188.51
						Add : Interest accrued but not due	-	1.11
						Less: unamortized charges	-	-
						Total Amortized Cost	-	189.62

ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	801.33	1,500.00
						Add : Interest accrued but not due	8.30	14.38
						Less: unamortized charges	10.43	19.84
						Total Amortized Cost	799.20	1,494.54

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

(₹ Lakhs)

iii) 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 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,600.00	10.71%	07.05.2017	07.04.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	84.28
2	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths		48.40	509.79
						Add : Interest accrued but not due	0.33	4.22
						Less: unamortized charges	-	-
						Total Amortized Cost	48.73	598.29

iv) Shriram Transport Finance Company Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	1,330.70	1,773.86
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		737.19	1,000.00
						Add : Interest accrued but not due	19.15	16.43
						Less: unamortized charges	9.17	13.33
						Total Amortized Cost	2,077.87	2,776.96

v) Profectus Capital (P) Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	200.00	13.00%	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables	-	17.67
						Add : Interest accrued but not due	-	0.11
						Less: unamortized charges	-	-
						Total Amortized Cost	-	17.78

c) loans repayable on demand - Cash credit facilities with banks (secured)

Particulars	As at 31st March 2021		As at 31st March 2020	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.60%	14,556.73	10.55 % to 12.80%	14,432.38
Add : Interest accrued but not due		33.18		125.96
Less: unamortized charges		24.86		18.33
Total Amortized Cost		14,565.05		14,540.01

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest thereon.

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
15.DEPOSITS (UNSECURED)		
At amortized cost		
Public Deposits	17,086.35	19,046.38
Total	17,086.35	19,046.38

There is no Deposits measured or designated at FVTPL.

Details of Deposits - Unsecured :

Particulars	As at 31st March2021	As at 31st March 2020
Repayable on maturity:		
Interest Range 8% to 9%		
Maturing within 1 year	8,025.57	8,322.06
Maturing between 1 to 2 years	5,763.06	7,064.93
Maturing between 2 to 3 years	2,257.83	2,580.74
Sub-Total	16,046.46	17,967.73
Add : Interest accrued but not due	1,117.20	1,171.20
Less: unamortized charges	77.31	92.55
Total Amortized Cost	17,086.35	19,046.38

For Deposits held by related parties, refer Note 41

Particulars	As at 31st March 2021	As at 31st March 2020
16. SUB-ORDINATED LIABILITIES (UNSECURED)		
At amortized cost		
Non-Convertible Debentures - Unsecured	6,510.56	4,577.35
Redeemable Cumulative Preference Shares ("RCPS")	1,842.25	1,630.10
Sub-Ordinated Debts	25,176.84	23,008.68
Total	33,529.65	29,216.13
Sub-Ordinated Liabilities in India	33,529.65	29,216.13
Sub-Ordinated Liabilities outside India	-	-
Total	33,529.65	29,216.13

Note: There is no Sub-Ordinated liabilities measured or designated at FVTPL

Terms/rights attached to RCPS

The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31 March 2021, the Company declared and paid an interim dividend of ₹ 134.75 lakhs after deduction of TDS of ₹ 5.54 lakhs on RCPS of ₹ 100 each fully paid (31st March 2020 : ₹ 129.65 lakhs).

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

Details of Sub-Ordinated Liabilities - Unsecured :

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
A) Non-Convertible Debentures - Unsecured :		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 3 years to 4 years	**4,374.80**	4,374.80
Maturing between 4 years to 5 years	**1,603.70**	-
Sub-Total (A)	**5,978.50**	4,374.80
B) Preference Shares		
Repayable on maturity:		
9% Redeemable Cumulative Preference Shares		
Maturing within 1 year	**665.00**	835.00
Maturing between 1 years to 2 years	**-**	665.00
Maturing between 2 years to 3 years	**1,169.00**	-
Sub-Total (B)	**1,834.00**	1,500.00
C) Sub-Ordinated Debts		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 to 3 years	**9,914.40**	-
Maturing between 3 to 4 years	**12,221.80**	9,914.40
Maturing between 4 to 5 years	**1,244.40**	12,221.80
Maturing after 5 years	**-**	179.40
Sub-Total (C)	**23,380.60**	22,315.60
Sub-Total (A+B+C)	**31,193.10**	28,190.40
Add : Interest accrued but not due		
A) Non-Convertible Debentures - Unsecured	**532.06**	202.55
B) Preference Shares	**8.38**	135.00
C) Sub-Ordinated Debts	**1,944.88**	876.67
Less: Unamortized charges		
A) Non-Convertible Debentures - Unsecured	**-**	-
A) Preference Shares	**0.13**	4.89
B) Sub-Ordinated Debts	**148.64**	183.60
Total amortized cost	**33,529.65**	29,216.13

Sub-Ordinated Debts held by related parties, refer Note 41

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
17. OTHER FINANCIAL LIABILITIES		
Unclaimed dividends (Refer Note below)	56.73	56.31
Unclaimed matured deposits and Interest accrued thereon	349.05	598.66
Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	49.32	252.79
Unclaimed matured debentures and Interest accrued thereon	182.35	100.73
Unclaimed Redeemable Cumulative Preference Shares	181.00	3.00
Advances from Customers	449.10	254.64
Security Deposits	73.21	11.41
Lease Liabilities (Refer Note 46)	331.61	443.17
Other Payables	-	-
Total	1,672.37	1,720.71

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

18. PROVISIONS		
Provision for Employee Benefits		
Provision for bonus	47.95	44.00
Provision for gratuity (net)	21.12	28.71
Provision for leave encashment	49.02	49.02
Total	118.09	121.73
19. DEFERRED TAX LIABILITIES (net)		
a. Application of Expected Credit Loss on Financial Assets	(793.33)	(663.41)
b. Employee benefit expenses	(29.72)	(30.64)
c. Right of Use Assets and Lease Liabilities	(7.35)	(6.27)
d. Application of EIR on Financial Liabilities	96.20	99.22
e. Differences in carrying amount of Property, Plant and Equipment	773.68	816.81
Total	39.48	215.71
20. OTHER NON-FINANCIAL LIABILITIES		
Tax Deducted at source	68.47	91.89
Total	68.47	91.89
21. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each	10,000.00	10,000.00
(FY 2020 : 10,00,00,000, Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	6,470.59	6,470.59
(FY 2020 : 6,47,05,882 : Equity Shares of ₹ 10 each)		
	6,470.59	6,470.59

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

a) Reconciliation of shares outstanding at the beginning and end of the year

(₹ Lakhs)

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	**6,47,05,882**	**6,470.59**	5,00,00,000	5,000.00
Add : Allotment of Equity Shares on preferential basis made during the year	-	-	1,47,05,882	1,470.59
Number of Equity Shares at the end of the year	**6,47,05,882**	**6,470.59**	6,47,05,882	6,470.59

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2021		As at 31st March 2020	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
1. Sakthifinance Financial Services Limited	**19.19**	**1,24,20,000**	19.19	1,24,20,000
2. ABT Investments (India) Private Limited	**13.49**	**87,27,400**	13.49	87,27,400
3. Sakthi Financial Services (Cochin) Private Limited	**11.06**	**71,57,128**	11.06	71,57,128
4. Avdhoot Finance and Investment Private Limited	**8.69**	**56,24,208**	8.69	56,24,208
5. Sakthi Management Services (Coimbatore) Limited	**7.09**	**45,85,434**	7.09	45,85,434
6. Bridgewater Investment Corporation Limited	**6.88**	**44,50,000**	6.88	44,50,000
7. The Gounder and Company Auto Limited	**6.07**	**39,25,000**	6.07	39,25,000
8. ABT Finance Limited	**5.15**	**33,31,162**	5.15	33,31,162

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 30th June 2021, recommended a dividend of 6 percent, ₹ 0.60 per share (Dividend for 31st March 2020 : ₹ 0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Dividends proposed

(₹ Lakhs)

Particulars	31st March 2021	31st March 2020
Face Value per share (₹)	**10.00**	10.00
Dividend Percentage	**6%**	6%
Dividend per Share (₹)	**0.60**	0.60
Dividend on equity shares	**388.24**	388.24
Total Dividend	**388.24**	388.24

Note : The dividends proposed for the financial year 31st March 2021 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
22. OTHER EQUITY		
Reserves and Surplus		
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,167.51	2,943.92
Add : Transfer from Retained Earnings	185.16	223.59
Closing balance	3,352.67	3,167.51
Capital Reserve		
Balance as at the Opening and Closing of the year	52.61	52.61
Securities Premium		
Opening Balance	1,430.92	801.07
Add : Securities Premium on preferential Issue of Equity Shares	-	1,029.41
Less : Preferential Issue of Equity Shares / NCD Public issue expenses	1.12	399.56
Closing Balance	1,429.80	1,430.92
General Reserve		
Opening Balance	4,436.00	1,172.25
Add : Transfer from Debenture Redemption Reserve	-	3,263.75
Closing Balance	4,436.00	4,436.00
Debenture Redemption Reserve		
Opening Balance	-	3,263.75
Less : Transfer to General Reserve	-	3,263.75
Closing Balance	-	-
Retained Earnings		
Opening Balance	3,126.52	2,834.95
Add : Profit after tax for the year	925.79	1,117.94
	4,052.31	3,952.89
Less: Appropriations		
Equity Dividend (₹ 0.60 per share) paid	388.24	500.00
Tax on Dividend-Equity Shares	-	102.78
Transfer to Statutory Reserve	185.16	223.59
Closing Surplus	3,478.91	3,126.52
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(48.92)	(26.54)
Add : Income/(Expenses) for the year	11.94	(22.38)
Closing Balance	(36.98)	(48.92)
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	12.30	(4.54)
Add : Income/(Expenses) for the year	1.63	16.84
Closing Balance	13.93	12.30
Closing Balance (i) + (ii)	(23.05)	(36.62)
Total	12,726.94	12,176.94

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

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium : The amount received in excess of face value of the equity shares is recognised in Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013. Debenture issue expenses were written off against Securities Premium till the Public Issue of Non-Convertible debentures - Issue III.

General reserve: General reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act 2013.

Debenture Redemption Reserve ("DRR"):

As per Ministry of Corporate Affairs ("**MCA**") notification dated 16 August 2019 through amendment in the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("**DRR**") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR and transferred the carrying amount of DRR created up to financial year 2018-19 to retained earnings in the financial year ended 31st March, 2020.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of the RBI Act, 1934.

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividend distributions paid to shareholders and transfer from debenture redemption reserve.

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

(₹ Lakhs)

Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
23. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	16,133.07	15,521.70
Interest from:		
- Loans	212.06	383.43
- Bank deposits	31.66	21.19
- Investments	221.17	232.40
Total	16,597.96	16,158.72
There is no income on Financial Instruments measured at FVTOCI		
24. FEES AND COMMISSION		
- Service Charges	246.06	381.66
- Stamp and documentation charges	67.17	102.23
Total	313.23	483.89
25. SALE OF POWER FROM WINDMILLS		
Income from Wind mill -Sale of Electricity	181.07	208.43
Total	181.07	208.43
26. OTHER INCOME		
- Miscellaneous income	0.87	0.40
Total	0.87	0.40
27. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
Interest Expense on:		
- Deposits	1,610.12	1,640.61
- Borrowings	2,506.24	2,304.29
- Debt Securities	2,941.86	3,140.72
- Sub-Ordinated Liabilities	3,208.85	2,863.75
- Lease Liability	29.18	38.41
Bank Charges	119.69	121.62
Total	10,415.94	10,109.40
Note : Other than financial liabilities measured at amortised cost, there are no other financial liabilities measured at FVTPL		
28. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial Instruments measured at amortised cost)		
Loans	641.18	545.14
Trade Receivables	(23.69)	11.21
Investments	3.46	2.80
Bad Debts	166.76	170.29
Total	787.71	729.44
There is no impairment on Financial Instruments measured at FVTOCI		
29. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,386.58	2,315.35
Contributions to Provident and Other Funds	93.61	98.62
Staff Welfare Expenses	84.44	137.59
Gratuity	33.09	45.09
Leave Encashment	6.48	36.92
Total	2,604.20	2,633.57

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

(₹ Lakhs)

Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
30. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment	245.17	238.91
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	27.63	77.26
Amortization - Right of use assets	144.30	144.84
Total	421.70	465.61
31. OTHER EXPENSES		
Rent	60.39	59.89
Rates, Taxes and Licences	155.12	179.28
Stamping on documents	12.91	27.96
Communication	43.80	73.94
Insurance	13.22	14.04
Travelling and Conveyance	232.50	395.12
Printing and Stationery	37.58	48.96
Power and Fuel	28.42	40.02
Advertisements	12.30	15.92
Auditor's Remuneration :		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	7.10
- Certification Fee	11.28	5.25
- Reimbursement of Expenses	2.17	2.45
Legal and Professional Charges	248.49	203.91
Repairs and Maintenance on:		
- Buildings	62.25	78.52
- Machinery	84.81	52.19
- Information Technology	179.46	146.93
- Other Assets	22.64	34.70
Filing Fees	10.03	9.28
Directors' Sitting Fees	22.70	11.80
Corporate Social Responsibility Expenses (Refer Note 35)	37.58	12.19
Loss on Sale of Property, Plant and Equipment	0.22	1.50
Debenture Issue Expenses	117.02	-
Miscellaneous Expenses	38.70	72.76
Total	1,458.59	1,509.71
32. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt;		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29

The Company had deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat credit under Protest. The Company had filed a writ petition before the Honourable High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeall before CESTAT, Chennai during the year.

c) The pending litigations as at 31st March 2021 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.

33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Annual Maintenance Charges - Information Technology	85.79	83.43

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

(₹ Lakhs)

Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	**2019-20**	2018-19
No. of non-resident share holders	**1**	1
No. of shares on which dividend remittance was made	**44,50,000**	44,50,000
Amount remitted (₹ Lakhs)	**21.15**	44.50

35. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2021:

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

II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken)

Particulars	31.03.2021	31.03.2020
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.58	12.19
Total	**37.58**	12.19

Refer Note 41 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

Shortfall at the end of year : Nil (FY 2019-20 : ₹ 26.34 Lakhs)

Reason for shortfall - Not applicable

36. CAPITAL MANAGEMENT

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio workings are given below. The capital structure is also monitored on the basis of Capital Adequacy Ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31.03.2021	As at 31.03.2020
Tier - I Capital	**15,702.21**	15,357.08
Tier - II Capital	**11,395.40**	10,768.57
Total Capital	**27,097.61**	26,125.65
Aggregate of Risk Weighted Assets	**1,20,332.70**	1,19,197.86
Tier-I Capital adequacy ratio	**13.05**	12.88
Total Capital adequacy ratio	**22.52**	21.91

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following :

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

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

c. General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets

d. hybrid debt capital instruments; and

e. Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital.

Aggregate of Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled. (₹ Lakhs)

PARTICULARS	As at 31st March 2021			As at 31st March 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	1,364.11	-	1,364.11	1,112.79	-	1,112.79
Bank Balances other than Cash and Cash Equivalents	375.79	-	375.79	469.39	-	469.39
Receivables						
(i) Trade Receivables	182.41	-	182.41	237.36	-	237.36
(ii) Other Receivables	3.52	-	3.52	8.69	-	8.69
Other Long Term Liabilities						
Long-Term Provisions						
Loans	48,784.87	60,568.86	1,09,353.73	52,429.41	54,616.77	1,07,046.18
Investments	200.54	2,467.74	2,668.28	-	2,659.80	2,659.80
Other Financial Assets	973.64	856.79	1,830.43	2,163.38	-	2,163.38
Non-Financial Assets						
Current tax Assets (net)	-	-	-	36.80	-	36.80
Deferred tax Assets (net)	-	-	-	-	-	-
Investment Property	-	279.81	279.81	-	284.41	284.41
Property Plant and Equipment	-	6,122.29	6,122.29	-	6,316.65	6,316.65
Right of use assets	-	1,070.50	1,070.50	-	1,211.97	1,211.97
Intangible Assets under development	-	86.27	86.27	-	15.07	15.07
Other Intangible Assets	-	102.57	102.57	-	114.95	114.95
Other Non-Financial Assets	603.73	-	603.73	323.78	-	323.78
Total Assets	52,488.61	71,554.83	1,24,043.44	56,781.60	65,219.62	1,22,001.22

NOTES TO THE ACCOUNTS (Contd....)

(₹ Lakhs)

PARTICULARS	As at 31st March 2021			As at 31st March 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Payables						
(I) Trade Payables						
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	-	**3.26**	6.87	-	**6.87**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	-	**140.62**	160.76	-	**160.76**
(II) Other Payables	-	-	-			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	151.48	-	**151.48**	101.99	-	**101.99**
Debt Securities	7,229.05	21,700.64	**28,929.69**	17,119.99	14,333.33	**31,453.32**
Borrowings (Other than debt securities)	17,971.25	5,087.91	**23,059.16**	17,688.72	3,529.48	**21,218.20**
Deposits	8,700.54	8,385.81	**17,086.35**	9,055.02	9,991.36	**19,046.38**
Sub-Ordinated Liabilities	524.61	33,005.04	**33,529.65**	967.45	28,248.68	**29,216.13**
Other Financial Liabilities	1,267.55	404.82	**1,672.37**	1,388.74	331.97	**1,720.71**
Non-Financial Liabilities						
Current tax Liabilities (net)	47.29	-	**47.29**	-	-	-
Provisions	69.07	49.02	**118.09**	72.71	49.02	**121.73**
Deferred tax Liabilities (net)	-	39.48	**39.48**	-	215.71	**215.71**
Other Non-Financial Liabilities	68.47		**68.47**	91.89	-	**91.89**
Equity						
Equity Share Capital	-	6,470.59	**6,470.59**	-	6,470.59	**6,470.59**
Other Equity	-	12,726.94	**12,726.94**	-	12,176.94	**12,176.94**
Total Liabilities and Equity	36,173.19	87,870.25	**1,24,043.44**	46,654.14	75,347.08	**1,22,001.22**

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

38. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities

(₹ Lakhs)

Particulars	31st March 2020	Cash Flows	Others	31st March 2021
Debt Securities	31,453.32	(2,584.97)	61.34	28,929.69
Deposits	19,046.38	(2,036.10)	76.07	17,086.35
Borrowings Other than Debt securities	21,218.20	1,729.81	111.15	23,059.16
Sub-Ordinated Liabilities	29,216.13	3,056.08	1,257.44	33,529.65
Lease Liability	443.17	(152.62)	41.06	331.61
Total	**1,01,377.20**	**12.20**	**1,547.06**	**1,02,936.46**

39. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2020-21	FY 2019-20
1	Profit before Tax	**1,257.44**	1,401 .03
2	Applicable Income Tax Rate	**25.17%**	25.17%
3	Expected Income Tax Expense	**316.48**	352.61
4	Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	**471.85**	380.17
	Effect of expenses / provisions deductible in determining taxable profit	**(480.90)**	(449.69)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	**24.22**	-
	Tax Effect of Adjustments	**0.00**	(69.52)
5	Tax Expense/(Income)	**331.65**	283.09

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2020	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2021
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	663.41	(129.92)	-	**793.33**
2	Employee benefit expenses	30.64	0.37	0.55	**29.72**
3	Right of Use Assets and Lease Liabilities	6.27	(1.08)	-	**7.35**
4	Application of EIR On Financial Liabilities	(99.22)	(3.02)	-	**(96.20)**
5	Differences in carrying amount of Property, Plant and Equipment	(816.81)	(43.13)	-	**(773.68)**
	Deferred Tax Asset / (Liabilities)	(215.71)	(176.78)	0.55	**(39.48)**

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

c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
1	Current Tax Expense/(Income)	**508.42**	449.61
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	**(176.77)**	(166.52)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	**331.65**	283.09

d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2021	31st March 2020
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	**0.55**	5.98
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	**0.55**	5.98

e. There is no tax expense charged directly to other equity.

f. Tax U/s 115 BAA of Income Tax Act

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019 - 20.

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

40. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on the basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. **Interest rates risk:**

   The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. **Salary inflation risk:**

   Higher than expected increases in salary will increase the defined benefit obligation.

3. **Demographic risks:**

   This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. **Actuarial Risk:**

   It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

   Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

   Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

   Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

5. **Investment Risk:**

   For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
I	**Present Value of Defined Benefit Obligation**		
	Defined benefit obligation at the beginning of the period	**197.87**	257.25
	(i) Current service cost	**21.70**	20.79
	(ii) Past Service Cost	**-**	-
	(iii) Interest cost	**11.53**	12.19
	(iv) Re-measurement Loss/(gain) due to :	**-**	-
	(a) Changes in financial assumptions	**(2.01)**	10.56
	(b) Changes in demographic assumptions	**(0.13)**	(0.40)
	(c) Experience on defined benefit obligation	**(6.89)**	(1.33)
	(v) Benefits paid	**(23.20)**	(101.19)
	Defined benefit obligation as at the end of the period	**198.87**	197.87

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
II	**Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the beginning of the period	**169.16**	218.97
	(i) Benefits Paid	**(23.20)**	(101.19)
	(ii) Employer Contribution	**28.02**	9.52
	(iii) Expected Interest Income on Plan Assets	**10.62**	10.21
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	**(6.84)**	31.65
	Fair Value of Plan Assets as at the end of the period	**177.76**	169.16
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	**21.11**	28.71
III	**Cost of Defined Benefit Plan for the Year**		
	(i) Current service cost	**21.70**	20.79
	(ii) Past Service Cost	**-**	-
	(iii) Interest Cost	**11.53**	12.19
	(iv) Expected Interest Income on Plan assets	**(10.62)**	(10.21)
	Net Cost recognized in the Statement of Profit and Loss	**22.61**	22.77
IV	**Re-measurement (loss)/gain due to :**		
	(a) Changes in financial assumptions	**(2.01)**	(10.56)
	(b) Changes in demographic assumptions	**(0.13)**	0.40
	(c) Experience on defined benefit obligation	**(6.89)**	1.33
	Actuarial (Loss)/Gain from Return on plan assets	**6.84**	31.65
	Net cost recognised in Other Comprehensive Income	**(2.19)**	22.82
V	**Significant Actuarial Assumptions**		
	(i) Discount Rate	**6%**	6%
	(ii) Expected Return on Plan Assets	**6%**	6%
	(iii) Salary Escalation Rate	**4%**	4%
	(iv) Attrition Rate	**19%**	22%
VI	**Sensitivity Analysis for significant actuarial assumption**		
	(i) Discount Rate		
	+ 100 Basis Rate	**(3.48%)**	(6.39%)
	- 100 Basis Rate	**3.81%**	6.91%
	(ii) Salary Growth		
	+ 100 Basis Rate	**3.66%**	6.67%
	- 100 Basis Rate	**(3.40%)**	(6.27%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	**0.00%**	(0.11%)
	- 100 Basis Rate	**(0.02%)**	0.09%

b. **Other Long Term Benefits - Leave Encashment**

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

1. **Interest rates risk :**

   The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. **Salary inflation risk:**

   Higher than expected increases in salary will increase the defined benefit obligation.

3. **Demographic risks:**

   This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
I	**Present Value of Defined Benefit Obligation**		
	Defined benefit obligation at the beginning of the period	49.02	45.45
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	2.83	1.94
	(iii) Re-measurement Loss/(gain) due to :	-	-
	(a) Changes in financial assumptions	0.01	2.75
	(b) Changes in demographic assumptions	(0.38)	-
	(c) Experience on defined benefit obligation	(12.84)	23.88
	(v) Benefits paid	(6.20)	(33.35)
	Closing defined benefit obligation	41.35	49.02
II	**Cost of Defined Benefit Plan for the Year**		
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	(10.38)	1.94
	Net Cost recognized in the Statement of Profit and Loss	(1.47)	10.29
III	**Significant Actuarial Assumptions**		
	(i) Discount Rate	6%	7%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
IV	**Sensitivity Analysis for significant actuarial assumption**		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.73%)	(1.95%)
	- 100 Basis Rate	4.10%	2.14%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.65%	1.91%
	- 100 Basis Rate	(3.31%)	(1.77%)
	(i) Discount Rate		
	+ 100 Basis Rate	(0.05%)	0.05%
	- 100 Basis Rate	(0.08%)	(0.07%)

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

41. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Ltd. The Gounder and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivaasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) Sri S Venkatesh, Company Secretary
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam Ms Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Mr Amrith Vishnu Balasubramaniam, son of Sri M Balasubramaniam Sri M Harihara Sudhan, son of Dr M Manickam Smt Bhavani Gopal, wife of Sri P S Gopalakrishnan Smt Lalitha Ramakrishnan, wife of Sri K P Ramakrishnan Smt Anusha Bhansali, daughter of Smt Priya Bhansali

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

Transactions / Material Transactions with Related Parties made during the year (₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Manage-ment Personnel	Relatives of Key Manage-ment Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
1	**Income**					
	Rent received					
	Sakthifinance Financial Services Ltd	3.52	-	-	**3.52**	3.52
	Income from HP Operations					
	Sakthi Foundation	21.76	-	-	**21.76**	5.39
	Suddha Sanmarga Nilayam	3.19	-	-	**3.19**	4.53
	Interest Income					
	ABT Industries Ltd.	78.65	-	-	**78.65**	9.72
2	**Expenses**					
	Purchase of fuel					
	N.Mahalingam & Co	7.47	-	-	**7.47**	11.56
	Rent paid					
	M.Balasubramaniam	-	-	-	-	1.20
	Smt.Vinodhini Balasubramaniam	-	-	2.40	**2.40**	1.20
	M. Srinivaasan	-	63.72	-	**63.72**	56.64
	ARC Retreading Company Pvt Ltd	2.01	-	-	**2.01**	1.94
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	153.53	-	-	**153.53**	225.70
	Printing charges					
	Nachimuthu Industrial Association	15.45	-	-	**15.45**	22.19
	Sakthi Sugars Ltd. (Om Sakthi)	3.60	-	-	**3.60**	2.42
	CSR Expenses					
	Ramanandha Adigalar Foundation	0.40	-	-	**0.40**	-
	Deputation charges					
	Sakthifinance Financial Services Ltd.	-	-	-	-	50.43
	Remuneration					
	M.Balasubramaniam	-	41.40	-	**41.40**	49.79
	S.Veluswamy	-	29.47	-	**29.47**	33.66
	M.K.Vijayaraghavan	-	-	-	-	4.99
	S.Venkatesh	-	15.45	-	**15.45**	16.94
	Perquisites					
	M.Balasubramaniam	-	-	-	-	3.90
	S.Veluswamy	-	1.76	-	**1.76**	0.34
	Employee Benefits					
	M.Balasubramaniam	-	5.87	-	**5.87**	6.05
	S.Veluswamy	-	2.28	-	**2.28**	2.35
	S.Venkatesh	-	1.14	-	**1.14**	1.18

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

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Commission *					
	M.Balasubramaniam		56.73		**56.73**	49.41
	Sitting Fees					
	Non-Executive Directors					
	M.Manickam	-	1.90	-	**1.90**	1.20
	M.Srinivaasan	-	2.40	-	**2.40**	1.00
	Independent Directors					
	A Selvakumar	-	6.00	-	**6.00**	3.20
	P S Gopalakrishnan	-	3.30	-	**3.30**	1.60
	Priya Bhansali	-	4.10	-	**4.10**	2.00
	K P Ramakrishnan	-	5.00	-	5.00	2.80
	* Subject to the approval of shareholders at the ensuing Annual General Meeting					
3	**Assets**					
	Loans and advances given					
	S.Venkatesh	-	15.00	-	**15.00**	-
	Loans and advances repaid					
	ABT Industries Ltd	(499.00)	-	-	**(499.00)**	(400.00)
	S.Venkatesh		(0.83)		**(0.83)**	-
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Foundation	121.18	-	-	**121.18**	119.39
	Suddha Sanmarga Nilayam	18.96	-	-	**18.96**	25.07
	Sakthifinance Financial Services Ltd	29.26	-	-	**29.26**	-
	Sakthi Reality Holdings Ltd	0.01	-	-	**0.01**	0.49
	Sakthi Auto Motors Ltd	5.40	-	-	**5.40**	5.40
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	**10.83**	10.83
	ABT Industries Ltd	-	-	-	-	5.40
	S.Venkatesh	-	14.17		**14.17**	-
4	**Liabilities**					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	400.00	-	-	**400.00**	-
	Sakthifinance Financial Services Ltd.	700.00	-	-	**700.00**	-
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	12.46	-	-	**12.46**	-
	Sakthifinance Financial Services Ltd.	4.75	-	-	**4.75**	-

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Manage-ment Personnel	Relatives of Key Manage-ment Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Sri P S Gopalakrishnan	-	10.00	-	**10.00**	-
	Smt Vinodhini Balasubramaniam	-	-	80.00	**80.00**	70.00
	Smt Samyuktha Vanavaraayar	-	-	75.00	**75.00**	75.00
	Ms Shruthi Balasubramaniam	-	-	68.00	**68.00**	63.00
	Bhavani Gopal	-	-	-	-	50.00
	Smt Lalitha Ramakrishnan	-	-	30.00	**30.00**	24.00
	Sri Hariharasudhan Manickam	-	-	2.00	**2.00**	2.00
	Smt Anusha Bhansali	-	-	10.00	**10.00**	-
	Investment in Deposits:					
	Bhavani Gopal	-	-	-	-	20.00
	Amrith Vishnu Balasubramaniam	-	-	-	-	8.83
	M. Harihara Sudhan	-	-	7.74	**7.74**	6.64
	Investment in SD Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	**10.00**	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	**10.00**	10.00
	Liabilities for Expenses Payable:					
	ABT Ltd	3.79			**3.79**	3.79
	ABT Industries Ltd	7.97			**7.97**	-
	ARC Retreading Company Pvt Ltd	0.19			**0.19**	0.16
	Nachimuthu Industrial Association	3.26	-	-	**3.26**	6.87
	N.Mahalingam and Co	0.98			**0.98**	-
	Sakthi Sugars Ltd.	0.66	-	-	**0.66**	0.21
	M.Srinivaasan	-	2.89	-	**2.89**	2.32

42. Disclosure pursuant to Ind AS 33 - Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding.

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	**6,47,05,882**	5,00,00,000
(ii) Number of shares at the end of the year	**6,47,05,882**	6,47,05,882
(b) Weighted average number of shares (nos)	**6,47,05,882**	5,07,63,420
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	**939.37**	1,112.40
Basic and diluted earnings per share (₹)	**1.45**	2.19

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

43. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected Credit Loss (**"ECL"**) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

Expected Credit Loss ("ECL")

As a result of adoption of Ind AS, the company has followed Ind AS 109 for the calculation of expected credit loss. The measurement of ECL involves three main components *Viz*, Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Definition of Default

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

Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macro-economic factors like GDP, Inflation rate etc.

Loss Given Default

The Loss Given Default is an estimate of the loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default

Exposure at Default (EAD) is defined as the sum of principal outstanding and interest accrued at the reporting date.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, whereas possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

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

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

Particulars	31st March 2021				31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	88,735.09	16,319.59	4,983.03	1,10,037.71	78,498.26	11,999.70	4,651.47	95,149.43
New business - net of recovery	49,384.44	1,458.82	-	50,843.26	55,339.50	7,571.34	122.41	63,033.25
Transfer due to change in credit worthiness								
Stage 1	3,455.57	(3,414.05)	(41.52)	-	3,089.84	(2,988.08)	(101.76)	-
Stage 2	(6,197.08)	6,303.02	(105.94)	-	(7,093.80)	7,128.68	(34.88)	-
Stage 3	(1,203.51)	(1,007.37)	2,210.88	-	(848.48)	(930.33)	1,778.81	-
Financial Assets that have been derecognised	(37,016.55)	(9,397.49)	(1,313.70)	(47,727.74)	(40,190.95)	(6,449.54)	(1,334.20)	(47,974.69)
Write off during the year	(21.23)	(6.80)	(138.74)	(166.77)	(59.28)	(12.18)	(98.82)	(170.28)
Balance at the end of the year	97,136.73	10,255.72	5,594.01	1,12,986.46	88,735.09	16,319.59	4,983.03	1,10,037.71

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2021				31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	97.12	322.72	2,571.69	2,991.53	139.53	269.59	2,086.19	2,495.31
New business - net of recovery	36.00	35.59	-	71.59	52.69	184.75	29.40	266.84
Transfer due to change in credit worthiness								
Stage 1	12.14	(11.90)	(0.24)	-	2.80	(2.62)	(0.18)	-
Stage 2	(179.80)	183.19	(3.39)	-	(109.64)	110.36	(0.72)	-
Stage 3	(247.36)	(237.62)	484.98	-	(275.80)	(330.81)	606.61	-
Financial Assets that have been derecognised	413.18	7.18	259.03	679.39	287.70	94.87	(67.29)	315.28
Write off during the year	(0.56)	(2.24)	(106.98)	(109.78)	(0.16)	(3.41)	(82.33)	(85.90)
Balance at the end of the year	130.72	296.92	3,205.09	3,632.73	97.12	322.73	2,571.68	2,991.53

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

Geographical break-up of portfolio - Net Stock on Hire

(₹ Lakhs)

Particulars	FY 2021	FY 2020
Tamil Nadu & Puducherry	92,271	85,435
Kerala	15,579	18,176
Karnataka	2,787	3,084
Andhra	2,008	1,669
Total	1,12,645	1,08,364

Portfolio composition - Net Stock on Hire

Particulars	FY 2021	FY 2020
Commercial Vehicles	1,00,345	97,047
Cars & Jeeps	9,173	8,603
Construction Equipment	2,435	2,000
Machinery	689	649
Consumer Durables	3	65
Total	1,12,645	1,08,364

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee (**"ALCO"**) reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder :

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities							
Deposits	1,387.46	3,902.83	3,816.16	8,328.95	-	-	17,435.40
Borrowings	5,377.82	2,759.84	18,062.21	33,921.95	25,628.35	-	85,750.17
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	6,765.28	6,662.67	21,878.37	42,250.90	25,628.35	-	1,03,185.57
Financial Assets							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.19	-	101.20	-	-	-	1,038.39
Loans	12,837.84	12,406.18	23,540.85	54,996.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	613.44	781.13	2,668.28
Other financial assets	864.33	217.19	342.46	800.76	738.88	-	2,963.62
Total	15,353.70	12,623.37	24,185.05	56,870.15	6,450.66	1,255.43	1,16,738.36

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

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2020 is furnished hereunder :

(₹ Lakhs)

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities							
Deposits	1,920.49	2,964.92	4,769.13	9,990.50	-	-	**19,645.04**
Borrowings	15,403.29	1,744.47	19,008.22	14,368.29	31,538.80	178.11	**82,241.18**
Foreign Currency Assets	–	–	–	–	–	–	–
Foreign Currency Liabilities	–	–	–	–	–	–	–
Total	**17,323.78**	**4,709.39**	**23,777.35**	**24,358.79**	**31,538.80**	**178.11**	**1,01,886.22**
Financial Assets							
Cash and cash equivalents	38.58	-	-	-	-	-	**38.58**
Bank balances	1,303.42	-	240.18	-	-	-	**1,543.60**
Loans	14,140.05	14,421.83	23,867.52	48,870.07	5,681.93	64.78	**1,07,046.18**
Investments	-	-	-	522.82	2,058.25	78.73	**2,659.80**
Other financial assets	1,002.32	291.54	380.72	976.40	-	-	**2,650.98**
Total	**16,484.37**	**14,713.37**	**24,488.42**	**50,369.29**	**7,740.18**	**143.51**	**1,13,939.14**

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

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows (₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Financial assets		
Fixed rate instruments		
Loans	**1,12,986.46**	1,10,037.71
Investments	**2,577.61**	2,581.07
Bank Balances	**318.96**	413.00
Variable rate Instruments	-	-
Total	**1,15,883.03**	1,13,031.78
Financial Liabilities		
Fixed rate instruments		
Debt securities	**29,112.04**	31,554.05
Borrowings (other than debt securities)	**8,494.11**	6,678.19
Deposits	**17,435.40**	19,645.04
Sub-Ordinated liabilities	**31,736.72**	27,838.82
Preference Shares	**1,842.25**	1,630.10
Variable rate instruments		
Bank Borrowings	**14,565.05**	14,540.01
Total	**1,03,185.57**	1,01,886.21

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	As at 31st March 2021		As at 31st March 2020	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- carrying amount	+83	(83)	+82	(82)

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

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

44. Disclosure pursuant to Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

45. Disclosure pursuant to Ind AS "113"

1. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2021	As at 31st March 2020
Investment in Equity Instruments	Level 1	52.30	40.36

2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and Cash Equivalents	1,364.11	1,364.11	-	-
Bank Balances other than Cash and Cash Equivalents	375.79	375.79	-	-
Trade Receivables	185.93	-	235.09	-
Loans	1,09,353.73	-	-	1,09,353.73
Investments	2,615.98	2,776.55	38.37	-
Other Financial Assets	1,830.43	-	-	1,830.43
Financial Liabilities				
Payables				
(I) Trade Payables	143.88	-	143.88	-
(II) Other Payables	151.48	-	151.48	-
Debt Securities	28,929.69	17,157.22	11,772.47	-
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-
Deposits	17,086.35	-	-	17,086.35
Sub-Ordinated Liabilities	33,529.65	-	33,529.65	-
Other Financial Liabilities	1,672.37	-	1,672.37	-

3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2020

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and Cash Equivalents	1,112.79	1,112.79	-	-
Bank Balances other than Cash and Cash Equivalents	469.39	469.39	-	-
Trade Receivables	246.05	-	318.91	-
Loans	1,07,046.18	-	-	1,07,046.18
Investments	2,619.44	2,741.96	38.37	-
Other Financial Assets	2,163.38	-	-	2,163.38

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Payables				
(I) Trade Payables	167.63	-	167.63	-
(II) Other Payables	101.99	-	101.99	-
Debt Securities	31,453.32	20,926.77	10,526.55	-
Borrowings (Other than debt securities)	21,218.20	21,218.20	-	-
Deposits	19,046.38	-	-	19,046.38
Sub-Ordinated Liabilities	29,216.13	-	29,216.13	-
Other Financial Liabilities	1,720.71	-	1,720.71	-

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

46. Disclosure Pursuant to Ind AS "116" Leases

In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

	Particulars	31st March 2021	31st March 2020
(a)	Depreciation charge for Right-of-Use Assets	**144.30**	144.84
(b)	Interest expense on Lease Liabilities	**29.18**	38.41
(c)	The expense relating to short-term leases	-	-
(d)	The expense relating to leases of low-value assets	**60.39**	59.89
(e)	Total cash outflow for leases	**215.75**	206.64
(f)	Additions to right-of-use assets	-	53.19
(g)	The carrying amount of right-of-use assets at the end of the reporting period	**1,070.50**	1,211.97

Maturity Analysis	31st March 2021	31st March 2020
Less than 1 year	**127.27**	151.88
1-3 years	**159.03**	219.74
3-5 years	**81.17**	120.23
More than 5 years	**51.53**	82.26
Total future undiscounted cash outflow on lease liability	**419.00**	574.12

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

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

47. Disclosures under RBI Directions

47.1 Schedule to the Balance Sheet of an Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	Amount Overdue #
(1)	**Liabilities Side:**		
	Loans and advances availed by the Non Banking Financial Company		
	inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	29,112.04	182.35
	: Unsecured	-	-
	(Other than falling within the meaning of Public deposit)		
	(b) Deferred Credits	-	-
	(c) Term Loans	5,568.31	-
	(d) Inter-Corporate loans and borrowing	2,925.80	-
	(e) Commercial paper	-	-
	(f) Public Deposits	17,435.40	349.05
	(g) Sub-Ordinated Debts	31,736.72	49.32
	(h) Other Loans - Cash Credit	14,565.05	-
(2)	**Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured Debentures	6,510.56	-
	(b) In the form of Partly secured Debentures	-	-
	i.e. debentures where there is a shortfall in the value of security		
	(c) Other Public Deposits	17,435.40	349.05
	(d) Sub-Ordinated Debts	25,226.16	49.32
	# Represents unclaimed deposits and interest accrued thereon		
(3)	**Assets Side:**		
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding
	(a) Secured		-
	(b) Unsecured		341.44
(4)	**Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:**		
	(1) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		-
	(b) Operational Lease		-
	(2) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		1,12,435.69
	(b) Repossessed Assets		209.33
	(3) Other Loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-

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

(₹ Lakhs)

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

(6)	**Borrower group-wise classification of assets financed as in 3 and 4 above**			
		31st March 2021 (Amount net of provisions)		
	Category	Secured	Unsecured	Total
	1. Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	140.14	14.17	154.31
	2. Other than related parties	1,08,872.15	327.27	1,09,199.42
	Total	1,09,012.29	341.44	1,09,353.73

(₹ Lakhs)

(7)	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)		
	Category	Market value / Break up or fair value or NAV	Book value (Net of provisions)
		31st March 2021	31st March 2021
	1.Related parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	87.66	87.62
	(c) Other related parties	-	-
	2. Other than related parties	2,568.00	2,580.66
	Total	2,655.66	2,668.28

(8)	Other information	
	Particulars	Amount
	(i) Gross Non Performing Assets	5,594.01
	(a) Related parties	-
	(b) Other than Related parties	5,594.01
	(ii) Net Non Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	2,522.83
	(iii) Assets acquired in satisfaction of debt	-

47.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016

Sl No	Particulars	31st March 2021	31st March 2020
1	**Capital to Risk (Weighted) Assets Ratio**		
	CRAR (%)	22.52	21.91
	CRAR - Tier I Capital (%)	13.05	12.88
	CRAR - Tier II Capital (%)	9.47	9.03
	Amount of Sub-Ordinated debt considered as Tier-II capital	16,202.20	14,496.80
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	**Investments**		
	Value of Investments		
	Gross Value of Investments		
	In India	2,668.34	2,659.86
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,668.28	2,659.80
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06

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

(₹ Lakhs)

3	**Derivatives**		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivaties transactions	-	-
4	**Disclosures relating to Securitisation**		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021

Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	634.28	473.32	279.86	3,902.83	3,816.16	8,328.95	-	-	**17,435.40**
(ii)	Advances	4,243.23	4,321.44	4,273.17	12,406.18	23,540.85	54,996.22	5,098.34	474.30	**109,353.73**
(iii)	Investments	-	-	-	-	200.54	1,073.17	613.44	781.13	**2,668.28**
(iv)	Borrowings	1,463.60	2,937.57	976.65	2,759.84	18,062.21	33,921.95	25,628.35	-	**85,750.17**
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2020

Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	926.78	561.87	431.84	2,964.92	4,769.13	9,990.50	-	-	**19,645.04**
(ii)	Advances	4,596.17	4,844.33	4,699.55	14,421.83	23,867.52	48,870.07	5,681.93	64.78	**1,07,046.18**
(iii)	Investments	-	-	-	-	-	522.82	2,058.25	78.73	**2,659.80**
(iv)	Borrowings	1,307.32	13,571.99	523.98	1,744.47	19,008.22	14,368.29	31,538.80	178.11	**82,241.18**
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

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

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
6	**Exposures**		
(i)	Exposure to Real Estate Sector	-	-
(ii)	Exposure to Capital Market	-	-
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**90.73**	78.79
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
c	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
d	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
f	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
g	Bridge loans to companies against expected equity flows / issues	-	-
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**90.73**	78.79
(iii)	Details of financing of parent company products	**Nil**	Nil
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	**Nil**	Nil
(v)	Unsecured Advances	**341.44**	1,674.20
7	**Miscellaneous**		
(i)	Registration obtained from other financial sector regulators	**NA**	NA
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-
(iii)	Related Party Transactions - Ref. Note 41		
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year		

Sl No.	Particulars	ICRA Ltd
(i)	Deposits	(ICRA) MA-Stable
(ii)	Debentures	(ICRA) BBB Stable
(iii)	Long-Term Borrowings	(ICRA) BBB Stable
(iv)	Short-Term Borrowings	(ICRA) A2

Migration of ratings during the year : NIL

(v) Remuneration of Directors

Ref. Page No. 29 of Corporate Governance Report 2021

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

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
(vi)	Management		
	Ref. Management and Discussion and Analysis Report on Page No. 22		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
8	**Other Disclosures**		
(i)	Provisions and Contingencies		
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	3.46	2.80
b	Provision towards NPA	641.18	545.14
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	331.65	283.09
e	Other Provision and Contingencies (with details)	(23.69)	11.21
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:		
	Total Deposits of twenty largest depositors	553.10	586.56
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.38%	3.17%
b	Concentration of Advances:		
	Total Advances to twenty largest borrowers	1613.13	1,849.78
	Percentage of Advances to twenty largest borrowers to Total Advances	1.43%	1.71%
c	Concentration of Exposures:		
	Total Exposure to twenty largest borrowers / customers	1052.09	1,147.62
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.93%	1.06%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	72.28	56.94
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	3.64%	4.50%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	0.92%	3.81%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	6.40%	4.85%

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.30%	2.31%
(ii)	Movement of NPAs (Gross)		
	Opening balance	4,983.03	4,803.09
	Additions during the year	2,508.70	2,295.14
	Reductions during the year	1,897.72	2,115.20
	Closing balance	5,594.01	4,983.03
(iii)	Movement of Net NPAs		
	Opening balance	2,439.42	2,736.88
	Additions during the year	1,682.19	1,384.42
	Reductions during the year	1,598.78	1,681.88
	Closing balance	2,522.83	2,439.42
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	2,543.61	2,066.21
	Provisions made during the year	826.51	910.72
	Write-off / write-back of excess provisions	298.94	433.32
	Closing balance	3,071.18	2,543.61
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	**Disclosure of Complaints**		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	-	1
c	No. of complaints redressed during the year	-	1
d	No. of complaints pending at the end of the year	-	-

47.3 Disclosures as required under guidelines on liquidity risk management framework for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings) as at 31st March 2021

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings	6	20,600.00	126.01	19.65

ii.Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits	553.10	3.38%

iii.Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings	23,041.00	23.47%

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

iv. Funding concentration based on significant instrument / products

(₹ Lakhs)

Sl No	Name of the Instrument / Products	Amount (₹ lakhs)	% of total Liabilities
1	Sub-Ordinate Debts*	31,736.72	30.27%
2	Fixed Deposits	17,435.40	16.63%
3	Non-Convertible Debentures - Public Issue	17,157.21	16.37%
4	Non-Convertible Debentures - Private placement	11,954.83	11.40%
5	Preference Shares	1,842.25	1.76%
	Total	80,126.41	76.43%

* Includes Non - Convertible Debentures - Public Issue, Unsecured

v. Stock Ratios:

a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Public Assets	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount
1	Non-Convertible Debentures (on maturities of less than 1 year)	-
2	% to Total Public Funds	-
3	% to Total Liabilities	-
4	% to Total Assets	-

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount
1	Other Short term Liabilities	14,565.05
2	% to Total Public Funds	-
3	% to Total Liabilities	13.89%
4	% to Total Assets	11.74%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary, Moreover, the Board of Directors have also constituted an Asset Liability Committee (**"ALCO"**), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required, The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/ products.

e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months

Disclosure on Liquidity Coverage Ratio ("LCR")

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio ("**LCR**") effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset ("**HQLA**") to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement is binding on the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. High Quality Liquid Assets ("**HQLA**") means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 47 (3)

NOTES TO THE ACCOUNTS (Contd....)

S. No.	Particulars	Apr-Jun 2020		Jul - Sep 2020		Oct-Dec 2020		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	-	3,354.71	-	3,133.61	-	3,009.53	-	3,354.38
	Cash Outflows:								
2	Deposits (for deposit taking companies)	905.48	1,041.31	1,537.67	1,768.32	1,607.84	1,849.02	1,153.12	1,326.09
3	Unsecured wholesale funding	176.21	202.64	110.36	126.91	52.49	60.36	46.53	53.51
4	Secured funding	4,287.00	4,930.05	764.66	879.36	1,023.22	1,176.70	900.10	1,035.12
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,815.91	2,088.30	1,317.63	1,515.27	653.05	751.01	687.14	790.21
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**7,184.60**	**8,262.30**	**3,730.32**	**4,289.86**	**3,336.60**	**3,837.09**	**2,786.89**	**3,204.93**
	Cash Inflows:								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,067.17	3,800.38	5,299.68	3,974.76	4,814.06	3,610.54	5,053.21	3,789.91
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**5,067.17**	**3,800.38**	**5,299.68**	**3,974.76**	**4,814.06**	**3,610.54**	**5,053.21**	**3,789.91**
13	**TOTAL HQLA**		**3,354.71**		**3,133.61**		**3,009.53**	-	**3,354.38**
14	**TOTAL NET CASH OUTFLOWS**		**4,461.93**		**1,072.47**		**959.27**		**801.23**
15	**LIQUIDITY COVERAGE RATIO (%)**		**75.19%**		**292.19%**		**313.73%**		**418.65%**
	Components of HQLA								
	- Cash on Hand		54.72		378.03		327.15		416.81
	- Balances with Banks		1,245.59		701.18		627.98		883.17
	- Government Securities		2,054.40		2,054.40		2,054.40		2,054.40
	- Commercial Paper		-		-		-		-
	TOTAL		**3,354.71**		**3,133.61**		**3,009.53**		**3,354.38**

47.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the a) Resolution Framework for COVID-19-related Stress, disclosure as follows:

(₹ Lakhs)

Type of Borrowers	Number of accounts where resolution plan has been implemented under this window	Exposure to such accounts before implementation of the plan (Amount in Lakhs)	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any including between invocation of the plan and implementation	Increase in provision on account of implementation of resolution plan (Amount in Lakhs)
Personal Loans	135	832.30	-	-	83.23
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**135**	**832.30**	**-**	**-**	**83.23**

47.5 Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - COVID-19 Regulatory Package - Asset Classification and Provisioning

The details of loans, outstanding as on 31st March 2021 where moratorium benefit was extended:

(₹ Lakhs)

(i)	Amount due in respect of overdue accounts, where moratorium was extended (as of February 29, 2020)	47,315.25
(ii)	Amount due on contracts where asset classification benefits was extended as on 31st March 2021, net of NPA	Nil
(iii)	Provisions held against (ii) above	Nil
(iv)	Provisions adjusted against NPA provisions*	Nil

* As the company maintains adequate ECL provisions, the Covid-19 Reserve created as on 31st March 2020 to the extent of ₹ 23.92 lakhs, has been reversed and transferred to Retained earnings.

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

47.6 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No .109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	427.65	1,06,964.80	429.57	(1.92)
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,384.58	556.70	1827.88	335.43	221.27
Doubtful - up to 1 year	Stage 3	757.47	469.67	287.80	385.76	83.91
1 to 3 years	Stage 3	85.62	19.06	66.56	22.17	(3.11)
More than 3 years	Stage 3	53.69	6.75	46.94	15.17	(8.42)
Sub-Total for doubtful assets		896.78	495.48	401.30	423.10	72.38
Loss	Stage 3	2,312.65	2,152.90	159.75	2,312.65	(159.75)
Sub-Total for NPA		**5,594.01**	**3,205.08**	**2,388.93**	**3,071.18**	**133.90**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	**1,12,986.46**	**3,632.73**	**1,09,353.73**	**3,500.75**	**131.98**

47.7 Disclosure as per RBI Notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 - Scheme for grant of ex-gratia Payment

The Government of India, Ministry of Finance, vide its notification dt. 23rd October, 2020 had announced COVID-19 Relief Scheme, for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The ex-gratia amount of ₹ 237.75 Lakhs. had been credited to eligible borrowers. We lodged claim with State Bank of India on 15th December 2020 and received the claim on 31st March 2021.

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

47.8 Disclosures as per RBI notification no. DOR.STR.REC.4/21.04.048/2021-22 - Interest on interest during the moratorium period:

In accordance with the RBI's instruction in their circular dated, April 7, 2021 all lending institutions shall refund/adjust the interest on interest charged to all the borrowers, during the moratorium period. Inpursant of the above instruction, the Indian Banks Association (IBA) through advisory dated April 19, 2021, prescribed the methodology of calculation of interest on interest. Accordingly, the company has estimated the amount and reversed the income account during the financial year 2020-21

48. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate and make the disclosures from subsequent year.

49. There have been no events after the reporting date that require disclosure in these financial statements.

50. During the financial year 2020-21, no fraud was detected.

51. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

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

S.P. MUTHUSAMI
Partner
Membership No.224171

Place : Coimbatore
Date : 30th June 2021

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

S. VENKATESH
Company Secretary
FCS 7012

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

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ANNEXRUE B: DAY COUNT CONVENTION

Option I (Non - Cumulative)

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

Option II (Cumulative)

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Date of Allotment (tentative)*	[●]
Redemption Date *	[●]
Coupon Rate for all Category	N.A.
Frequency of the interest payment with specified dates	N.A.
Day count convention	Actual/actual

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

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

The above table is provided as a representation.

ANNEXURE C: CREDIT RATING & RATING RATIONALE

CONFIDENTIAL

Mr. M. Balasubramaniam
Vice Chairman & Managing Director
Sakthi Finance Limited

Dear Sir,

Re: ICRA Credit Rating for the Rs.200.00 crore Non-Convertible Debenture (NCD) Programme of Sakthi Finance Limited

("ICRA") and your company for carrying out the rating of the aforesaid **NCD** **"[ICRA]BBB"** **'Stable'**.

[ICRA]BBB(Stable). disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the

(R Srinivasan)
Vice President

Acknowledgement
(To be signed and returned to ICRA Limited)

[illegible]

[illegible]

For Sakthi Finance Limited

_____

Name:

Date:

***Note**: Please return a copy of the above communication along with the acknowledgement to ICRA Limited at shaik.saleem@icraindia.com*

January 12, 2024

Sakthi Finance Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs) – Public issue	628.02	628.02	[ICRA]BBB (Stable); reaffirmed
	116.53	0.00	[ICRA]BBB (Stable); reaffirmed and withdrawn
	-	200.00	[ICRA]BBB (Stable); assigned
Fixed deposits	-	-	[ICRA]BBB (Stable); reaffirmed
Fund based – Term loans	83.10	114.76	[ICRA]BBB (Stable); reaffirmed
Fund-based long-term facilities from banks	131.66	100.00	[ICRA]BBB (Stable); reaffirmed
Fund based – Interchangeable#	(59.66)	(47.88)	[ICRA]BBB (Stable)/[ICRA]A2; reaffirmed
Fund-based short-term facilities from banks	100.00	100.00	[ICRA]A2; reaffirmed
Total	**1,059.31**	**1,142.78**	

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

Rationale

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

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

ICRA notes that SFL had stopped taking fresh deposits since H2 FY2021 while the renewal of existing deposits was discontinued from April 2021, following the Reserve Bank of India's (RBI) observations on the sub-debt raised by the company via private placements till FY2020[1]. Accordingly, the deposits outstanding were run down over the last two years and the same, along with the non-compliant sub-debt, stood at ~Rs. 262 crore as of September 2023, which is estimated to be within the permissible deposit cap of 1.5 times of the net owned funds (NOF). From September 2023, SFL started accepting fresh deposits again and it also commenced the renewal of existing deposits. The company will mobilise incremental public deposits as an when these sub-debts come up for maturity over the next few years. However, it would be required to augment its statutory liquid assets for the non-compliant sub-debt, in case of any adverse observation by the RBI regarding the same.

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

ICRA has reaffirmed and withdrawn the rating of [ICRA]BBB (Stable) on the Rs. 116.53-crore NCDs. These instruments were fully redeemed with no amount outstanding against the same. The rating was withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

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

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

Adequate capitalisation, considering medium-term growth plans – SFL has an adequate capitalisation profile with a gearing[2] of 6.0 times as of September 2023 (5.9 times as of March 2023 and 6.1 times as of March 2022). ICRA notes that the company's modest near-term portfolio growth expectations would keep its capital structure under control. SFL envisages to reduce its gearing below 6.0 times over the medium term, supported by the raising of capital (including via disposal of non-core assets). This would help the company improve its portfolio growth further over the medium to long term. SFL's total capital adequacy stood at 17.3% (provisional; Tier I at 13.4%) as of September 2023.

Credit challenges

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

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

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

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

(4.0% in FY2021) due to the modest portfolio growth. Going forward, the company's ability to increase its operating efficiency and keep the credit costs under control would be critical for improving its profitability.

Moderate asset quality – SFL's GS3 increased to 5.7% in September 2023 and 5.8% in March 2023 from 5.2% in March 2022 as it has aligned the GS3 reporting with the updated IRAC[3] norms, which require the daily stamping of accounts. Consequently, the provision coverage on the GS3 assets declined to 49.6% as of September 2023 and 51.0% as of March 2023 from 60.4% in March 2022. The softer bucket overdues (30+ days past due; dpd) stood at 13.3% in September 2023 and 17.7% in March 2023 vis-à-vis 12.9% in March 2022 (14.1% in March 2021). Nevertheless, ICRA notes that SFL has been able to keep its credit costs (0.5% in H1 FY2024, 0.7% in FY2023 and 0.4-0.8% during FY2018-FY2022) under control, demonstrating its ability to make recoveries from harder bucket delinquencies as well. ICRA also notes that it would be critical for the company to keep recoveries in line with the past, so as to maintain the asset quality and ensure that the credit costs are under control.

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

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

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

Environmental and social risks

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

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

Liquidity position: Adequate

SFL had unencumbered cash and liquid investments of Rs. 30.4 crore and undrawn bank lines of Rs. 39.2 crore as on November 30, 2023 with a debt obligation of Rs. 133.1 crore (including sub-debt payments of Rs. 79.0 crore) during December 2023-February 2024. Monthly collections have been stable and remained healthy at ~Rs. 60-65 crore, which will support the liquidity

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

profile. The asset-liability maturity (ALM) profile, as on November 30, 2023, does not reflect cumulative negative mismatches up to 12 months. The proposed public issuance of NCDs in February 2024 is expected to improve its liquidity position further.

Rating sensitivities

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

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

Analytical approach

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

About the company

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

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

Key financial indicators (audited)

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

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	
					Jan 12, 2024	Mar 20, 2023	May 31, 2022	Mar 22, 2022	Apr 26, 2021	Aug 04, 2020	Apr 13, 2020
1	NCDs (public issue)	Long term	628.02	628.02	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
			116.53	0.00	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
			200.00	0.00	[ICRA]BBB (Stable)	-	-	-	-	-	-
2	Fixed deposits	Medium term	-	-	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA-&
3	Term loans	Long term	114.76	114.76	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
4	Long-term bank facilities	Long term	100.00	100.00	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA]BBB&
5	Fund-based interchangeable^	Long term/ Short term	(47.88)	(47.88)	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB&/ [ICRA]A2&
6	Short-term bank facilities	Short term	100.00	100.00	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2&

& Rating on watch with developing implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund based – Cash credit	Simple
Short-term fund based – Working capital demand loan	Simple
Long-term fund based – Term loans	Simple
Fixed deposit programme	Very Simple
NCD (public issue)	Very Simple

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

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE302E07300	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	18.94	[ICRA]BBB (Stable)
INE302E07318	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	2.49	[ICRA]BBB (Stable)
INE302E07326	NCD (public issue)	May-08-2020	12.17%	Jun-08-2024	11.29	[ICRA]BBB (Stable)
INE302E07359	NCD (public issue)	Jul-29-2021	9.75%	Oct-29-2024	16.63	[ICRA]BBB (Stable)
INE302E07367	NCD (public issue)	Jul-29-2021	11.32%	Oct-29-2024	15.95	[ICRA]BBB (Stable)
INE302E07375	NCD (public issue)	Jul-29-2021	10.00%	Aug-29-2025	35.66	[ICRA]BBB (Stable)
INE302E07383	NCD (public issue)	Jul-29-2021	12.17%	Aug-29-2025	21.07	[ICRA]BBB (Stable)
INE302E07409	NCD (public issue)	Apr-29-2022	8.50%	Apr-29-2024	8.26	[ICRA]BBB (Stable)
INE302E07425	NCD (public issue)	Apr-29-2022	8.75%	Apr-29-2025	4.12	[ICRA]BBB (Stable)
INE302E07441	NCD (public issue)	Apr-29-2022	9.00%	Apr-29-2026	2.28	[ICRA]BBB (Stable)
INE302E07466	NCD (public issue)	Apr-29-2022	10.00%	Apr-29-2027	43.75	[ICRA]BBB (Stable)
INE302E07417	NCD (public issue)	Apr-29-2022	9.16%	Apr-29-2024	12.35	[ICRA]BBB (Stable)
INE302E07433	NCD (public issue)	Apr-29-2022	9.88%	Apr-29-2025	6.81	[ICRA]BBB (Stable)
INE302E07458	NCD (public issue)	Apr-29-2022	10.69%	Apr-29-2026	1.26	[ICRA]BBB (Stable)
INE302E07474	NCD (public issue)	Apr-29-2022	12.77%	Apr-29-2027	21.17	[ICRA]BBB (Stable)
INE302E08027	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	20.85	[ICRA]BBB (Stable)
INE302E08035	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	1.07	[ICRA]BBB (Stable)
INE302E08043	NCD (public issue)	May-15-2019	13.24%	Jun-15-2024	21.84	[ICRA]BBB (Stable)
INE302E08050	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	7.39	[ICRA]BBB (Stable)
INE302E08068	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	0.67	[ICRA]BBB (Stable)
INE302E08076	NCD (public issue)	May-08-2020	13.30%	Jul-08-2025	7.98	[ICRA]BBB (Stable)
INE302E08084	NCD (public issue)	Jul-29-2021	10.50%	Aug-29-2026	30.89	[ICRA]BBB (Stable)
INE302E08092	NCD (public issue)	Jul-29-2021	13.64%	Aug-29-2026	16.71	[ICRA]BBB (Stable)
INE302E07573	NCD (public issue)	May-08-2023	9.00%	May-08-2025	13.49	[ICRA]BBB (Stable)
INE302E07508	NCD (public issue)	May-08-2023	9.74%	May-08-2025	19.53	[ICRA]BBB (Stable)
INE302E07540	NCD (public issue)	May-08-2023	9.25%	May-08-2026	6.56	[ICRA]BBB (Stable)
INE302E07516	NCD (public issue)	May-08-2023	10.52%	May-08-2026	15.4	[ICRA]BBB (Stable)
INE302E07557	NCD (public issue)	May-08-2023	9.50%	May-08-2027	2.1	[ICRA]BBB (Stable)
INE302E07490	NCD (public issue)	May-08-2023	11.40%	May-08-2027	2.51	[ICRA]BBB (Stable)
INE302E07565	NCD (public issue)	May-08-2023	10.25%	May-08-2028	50.75	[ICRA]BBB (Stable)
INE302E07524	NCD (public issue)	May-08-2023	13.17%	May-08-2028	16.16	[ICRA]BBB (Stable)
INE302E07532	NCD (public issue)	May-08-2023	14.30%	May-08-2030	20.36	[ICRA]BBB (Stable)
Unutilised	NCD (public issue)	NA	NA	NA	151.73	[ICRA]BBB (Stable)
Unutilised	NCD (public issue) – Fresh	NA	NA	NA	200.00	[ICRA]BBB (Stable)
NA	Fixed deposits	NA	NA	NA	-	[ICRA]BBB (Stable)
NA	Term loans	NA	NA	NA	114.76	[ICRA]BBB (Stable)
NA	Cash credit	NA	NA	NA	100.00	[ICRA]BBB (Stable)
NA	Fund-based interchangeable	NA	NA	NA	(47.88)^	[ICRA]BBB (Stable) /[ICRA]A2
NA	Working capital demand loan	NA	NA	NA	100.00	[ICRA]A2
INE302E07227	NCD (public issue)	May-15-2019	10.00	May-15-2023	19.09	[ICRA]BBB (Stable); withdrawn
INE302E07235	NCD (public issue)	May-15-2019	10.00	May-15-2023	2.92	
INE302E07243	NCD (public issue)	May-15-2019	12.11	May-15-2023	15.41	
INE302E07276	NCD (public issue)	May-08-2020	9.75	Aug-08-2023	8.12	
INE302E07284	NCD (public issue)	May-08-2020	9.75	Aug-08-2023	1.42	
INE302E07292	NCD (public issue)	May-08-2020	11.31	Aug-08-2023	7.94	
INE302E07334	NCD (public issue)	Jul-29-2021	9.50	Sep-29-2023	29.49	
INE302E07342	NCD (public issue)	Jul-29-2021	10.42	Sep-29-2023	32.14	

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

Please click here to view details of lender-wise facilities rated by ICRA

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

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About ICRA Limited:

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

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

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ANNEXURE D: CONSENT LETTER FROM THE DEBENTURE TRUSTE

CONSENT LETTER FROM DEBENTURE TRUSTEE TO THE ISSUE

CL/DEB/23-24/1350 Date: 26/12/2023

To

Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore-641 018

PROPOSED PUBLIC ISSUE BY SAKTHI FINANCE LIMITED (THE "COMPANY" OR "ISSUER") OF RATED, SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT UP TO ₹ 100 CRORES ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 100 CRORES, AGGREGATING AN AMOUNT UP TO ₹ 200 CRORES ("HEREINAFTER REFERRED TO AS "THE OVERALL ISSUE SIZE")

Dear Sir(s),

We, the undersigned, hereby consent to be named as the Debenture Trustee pursuant Regulation 8 of the Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021 as amended. We further extend our consent and no objection to our name being inserted in the Draft Prospectus to be filed with stock exchange(s) where NCDs are proposed to be listed **("Stock Exchange(s)")** for the purpose of receiving the public comments and to be forwarded to Securities and Exchange Board of India **("SEBI")** and in the Prospectus to be filed with Registrar of Companies, Tamil Nadu, Coimbatore **("ROC")**, Stock Exchange(s) and SEBI, which the Company intends to circulate in respect of the proposed Issue and also in all related advertisements and communications sent pursuant to the Issue of NCDs.

The following details with respect to us may be disclosed:

CATALYST
Believe in Yourself... Trust Us!

Logo	: CIN: U74999PN1997PLC110262
Name	: **Catalyst Trusteeship Limited**
Address	: GDA House, Plot No. 85, Bhusari Colony (Right)

Paud Road, Pune - 411 038

Tel No	: +91 22 4922 0555
Fax No	: +91 22 4922 0505
E-mail	: ComplianceCTL-Mumbai@ctltrustee.com
Website	: https://catalysttrustee.com
Investor Grievance Email	: grievance@ctltrustee.com
Contact person	: Ms. Deesha Trivedi
Compliance Officer	: Ms. Kalyani Pandey
SEBI Registration No	: IND000000034

We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format. We confirm that we are registered with SEBI and that such registration is valid and that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/ investigation is/was being conducted by SEBI on us.

We confirm that we will immediately inform the Company of any change and/or update to the above information until the date when the NCDs commence trading on the BSE Limited. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading on BSE Limited.

We also authorise you to deliver a copy of this letter of consent to RoC, the stock exchange(s), SEBI, pursuant to the provisions of Section 26 and 32 of the Companies Act 2013 and other applicable laws and to other regulatory authority as required by law.

Yours faithfully
For and on behalf of Catalyst Trusteeship Limited

CATALYST TRUSTEESHIP LIMITED

Authorized Signatory
Name: Ramanujam Yadav
Designation: Manager

Date: 26-12-2023
Place: Mumbai

डिबेंचर न्यासी

प्रपत्र बी
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

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(विनियम 6)
(Regulation 6)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उक्त अधिनियम की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85,
S. No. 94 & 95, Bhusari Colony (Right), Kothrud,
Pune- 411038, Maharashtra

को नियमों में, उसमें के अधीन रखे गए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है

2) Registration Code for the debenture trustee is **IND000000034**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

This Certificate of Registration shall be valid from 13/04/2022 for permanent, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

DINESH JOSHI
अधिकृत हस्ताक्षरकर्ता / Authorised Signatory

स्थान Place : Mumbai

दिनांक Date : April 18, 2022

DECLARATION REGARDING REGISTRATION WITH SEBI

Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore-641 018

PROPOSED PUBLIC ISSUE BY SAKTHI FINANCE LIMITED (THE "COMPANY" OR "ISSUER") OF RATED, SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT UP TO ₹ 100 CRORES ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 100 CRORES, AGGREGATING AN AMOUNT UP TO ₹ 200 CRORES ("HEREINAFTER REFERRED TO AS "THE OVERALL ISSUE SIZE")

We hereby confirm that as on date of the following details in relation to our registration with the Securities and Exchange Board of India (SEBI) as a Debenture Trusteeis true and correct.

Sl No	Particulars	Details
1	Registration Number	IND000000034
2	Date of Registration/Renewal of Registration	April 18, 2022
3	Date of Expiry of Registration	Permanent Registration
4	If applied for Renewal, Date of Application	Not Applicable
5	Details of communication from SEBI prohibiting from acting as Debenture Trustee	No
6	Details of any pending inquiry/investigation being conducted by the SEBI	No
7	Details of any penalty imposed by SEBI	No

CATALYST TRUSTEESHIP LIMITED

We confirm that we will immediately inform the Company of any change and/or update to the above information until the date when the NCDs commence trading on the BSE Limited. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading on BSE Limited.

Yours faithfully

For and on behalf of Catalyst Trusteeship Limited

CATALYST TRUSTEESHIP LIMITED

Authorized Signatory
Name: Ramanujam Yadav
Designation: Manager