

ANNUAL

REPORT

2020



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Sri. S. Venkatesh

REGISTERED OFFICE
SAKTHI FINANCE LIMITED

CIN : L65910TZ1955PLC000145

62, Dr. Nanjappa Road
 Coimbatore - 641 018

Phone : (0422) 2231471 - 74, 4236200

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

Website : www.sakthifinance.com

REGISTRARS AND SHARE TRANSFER AGENT
SKDC CONSULTANTS LIMITED

"Kanapathy Towers", Third Floor

1391/A-1, Sathy Road
 Ganapathy

Coimbatore - 641 006

Phone : (0422) 4958995, 2539835-836

Fax : (0422) 2539837

E-mail : info@skdc-consultants.com

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

"GDA House"

Plot No. 5, Bhusari Colony (Right)
 Paud Road

Pune - 411 038

Phone : (020) 25280081

Fax : (020) 25280275

E-mail : dt@ctltrustee.com

BANKERS

State Bank of India
 Central Bank of India
 The Lakshmi Vilas Bank Ltd
 Indian Overseas Bank
 The Karnataka Bank Ltd
 Bank of India
 Canara Bank
 IndusInd Bank Ltd
 AU Small Finance Bank Ltd

STATUTORY AUDITORS

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

INTERNAL AUDITOR

Sri B. Muralidharan FCA
 Chartered Accountant
 Coimbatore

SECRETARIAL AUDITORS

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

CONTENTS	PAGE
Notice	2
Board's Report	18
Corporate Governance Report	35
Independent Auditor's Report	60
Balance Sheet	67
Statement of Profit and Loss	69
Statement of Changes in Equity	70
Cash Flow Statement	71
Notes forming an integral part of the Financial Statements	73

NOTICE TO MEMBERS

NOTICE is hereby given that the Sixty Third (63rd) Annual General Meeting ("AGM") of the members of the Company will be held on **Thursday, 17th December 2020 at 4.00 p.m** ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses.

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

ORDINARY BUSINESS

1. Adoption of Financial Statements

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

RESOLVED THAT the Audited Financial Statements for the financial year ended 31st March 2020 and the attached Reports of the Board of Directors and Auditors be and are hereby considered and adopted.

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

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

RESOLVED THAT pursuant to Section 123(3) of the Companies Act 2013, an Interim Dividend of ₹ 9 per share on 15,00,000 numbers of 9% Redeemable Cumulative Preference Shares of ₹ 100 each for the year ended 31st March 2020 declared by the Board of Directors on 30th June 2020 out of the profits of the company for the said year be and is hereby confirmed as final dividend.

3. Declaration of dividend on Equity Shares

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

RESOLVED THAT a dividend of ₹ 0.60 (6%) per equity share, as recommended by the Board of Directors, be declared for the financial year ended 31st March 2020 on 6,47,05,882 numbers of equity shares of ₹ 10 each out of profits of the company for the said financial year and the said dividend be paid to those equity shareholders whose names stand on the Register of Members in case the equity shares are held in physical form and also to the beneficial holders of the dematerialised shares as per the details provided by the Depositories in case the equity shares are held in the electronic form, as on **Saturday, 19th September 2020**.

4. Reappointment of Dr M Manickam (DIN : 00102233), Director retiring by rotation, as a Director being eligible, offer himself to be reappointed

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

RESOLVED THAT Dr M Manickam, holding DIN: 00102233, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company.

SPECIAL BUSINESS

5. Reappointment of Smt Priya Bhansali (DIN : 00195848) as an Independent Director

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

RESOLVED THAT pursuant to the provisions of Sections 149(10), 150(2), 152 and other applicable provisions,

if any, of the Companies Act 2013 ("the Act"), the Companies (Appointment and Qualifications of Directors) Rules 2014 and the rules made thereunder, read with Schedule IV to the Act and Regulation 16(1)(b) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as amended from time to time, Smt Priya Bhansali (DIN : 00195848), who was appointed as an Independent Director at the fifty eighth Annual General Meeting of the Company and who holds office up to 27th September 2020 and who is eligible for re-appointment as an Independent Director and who meets the criteria of independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term of five years with effect from 28th September 2020 to 27th September 2025.

6. Reappointment of Sri K P Ramakrishnan (DIN : 07029959) as an Independent Director

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

RESOLVED THAT pursuant to the provisions of Sections 149(10), 150(2), 152 and other applicable provisions, if any, of the Companies Act 2013 ("the Act"), the Companies (Appointment and Qualifications of Directors) Rules 2014 and the rules made thereunder, read with Schedule IV to the Act and Regulation 16(1)(b) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as amended from time to time, Sri K P Ramakrishnan (DIN : 07029959), who was appointed as an Independent Director at the fifty eighth Annual General Meeting of the Company and who holds office up to 27th September 2020 and who is eligible for re-appointment and who meets the criteria of independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1)(b) of Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term of five years with effect from 28th September 2020 to 27th September 2025.

7. Reappointment of Sri M Balasubramaniam (DIN : 00377053) as Managing Director and payment of remuneration

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

RESOLVED THAT in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions,

if any, of the Companies Act 2013 ("the Act") read with Schedule V to the Act and the Rules made under the Act, approval of the company be and is hereby given to the re-appointment of Sri M Balasubramaniam (DIN : 00377053), as Managing Director of the company for a further period of five years with effect from 29th September 2020 to 28th September 2025.

RESOLVED FURTHER THAT in consideration of his qualification, experience and services rendered to the company as Managing Director and subject to the overall limits for payment of Managerial remuneration laid down under Section 197 read with Schedule V to the Act, Sri M Balasubramaniam be paid the following remuneration and perquisites:

Salary	₹ 3,00,000 per month
Perquisites	<p>Not exceeding the Annual Salary as may be decided by the Board of Directors from time to time.</p> <p>In addition to the salary, Sri M Balasubramaniam shall also be entitled to the following perquisites:</p> <p>a. Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961;</p> <p>b. Gratuity at the rate of half a month's salary for each completed year of service; and</p> <p>c. Encashment of leave at the end of tenure as per the rules of the Company</p>
Commission	3% on the Net Profits of the Company, subject to a maximum ceiling specified in Section I of Part II of Schedule V to the Act.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the company shall pay to Sri M Balasubramaniam, the remuneration by way of salary and perquisites not exceeding the limits specified under Section II of Part II of Schedule V to the Act (including any statutory modification or re-enactment thereof for the time being in force) or such other limit as may be prescribed by the government from time to time as minimum remuneration.

RESOLVED FURTHER THAT the approval for payment of remuneration in the event of loss or inadequacy of profit shall be for a period not exceeding three years during the said tenure of five years.

RESOLVED FURTHER THAT the Board of Directors (the 'Board' which term includes a duly constituted Committee of the Board of Directors) have the liberty to grant increments and to alter and vary the terms and conditions of the said appointment as it may deem fit and in such manner as may be agreed to between the Board and Managing Director provided that the total remuneration does not exceed the statutory upper limit prescribed under the Act.

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

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

RESOLVED THAT pursuant to the provisions of Sections 42, 55 and any other applicable provisions of the Companies Act 2013 ("the Act"), the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof), the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, approval of the Company be and is hereby given to the Board of Directors ("**the Board**", which term shall include any Committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen lakhs only) Redeemable, Cumulative, Preference Shares ("**Preference Shares**") of the face value of ₹ 100 each for cash at par for an amount not exceeding ₹ 1,500 lakh (Rupees One Thousand Five Hundred lakh only) on private placement basis to persons identified by the Board of Directors (hereinafter referred to as "**the Board**" which term shall be deemed to include any duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) in their absolute discretion, whether or not such persons are members of the Company, on such terms and conditions as may be decided by the Board and subject to the following rights:

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

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

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

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

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

RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**") read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008 ("**SEBI Debt Regulations**"), the rules, regulations, guidelines, circulars and RBI directions as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include the committee duly constituted/ authorized committee of the Board) to offer, issue and allot, listed / unlisted, Secured or Unsecured, Redeemable, Non-Convertible Debentures ("**NCDs**"), and / or other Debt Securities on private placement basis, during the period commencing from the conclusion of Sixty Third Annual General Meeting until the conclusion of Sixty Fourth Annual General Meeting up to an amount not exceeding ₹500 crores, within the overall borrowing limits of the Company.

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

- decide whether to issue, in one or more series or tranches, as secured or unsecured;
- decide whether to list any of the tranches;
- finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilization of the issue proceeds and all matters connected to it;
- decide on the timing of each tranche;
- decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons; and

- do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.

NOTES:

- In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ("**MCA**") has, by its General Circular No. 20/2020 dated 5th May 2020 in relation to 'Clarification on holding of Annual General Meeting ("**AGM**") through Video Conferencing ("**VC**") or Other Audio Visual Means ("**OAVM**") read with General Circular No. 14/2020 dated 8th April 2020 and General Circular No. 17/2020 dated 13th April 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act 2013 ("**the Act**") and the rules made thereunder on account of the threat posed by Covid-19 (collectively referred to as "**MCA Circulars**") and the Securities and Exchange Board of India ("**SEBI**") by its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 towards 'Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic' ("**SEBI Circular**") permitted the holding of the Annual General Meeting ("**AGM**"/"**the Meeting**") through VC/OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and MCA Circulars, the 63rd AGM of the Company is being held through VC/OAVM on **Thursday, 17th December 2020 at 4.00 p.m (IST)**. The deemed venue for the AGM will be the Registered Office of the company.
- In terms of Clause 3.A.II. of the General Circular No 20/2020 dated 5th May 2020, issued by MCA, the matters of Special Business as appearing at Item Nos. 5 to 9 of the accompanying Notice are considered to be unavoidable by the Board and hence, form part of this Notice.
- The relevant Statement as required under Section 102 of the Act setting out the material facts in respect of Special Business under Item Nos 5 to 9 is annexed.
- The relevant details of Directors seeking re-appointment under Item Nos 5 to 7, pursuant to Regulation 36(3) of the Listing Regulations and as required under Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India are also annexed.
- Pursuant to MCA Circular No. 14/2020 dated 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint Authorised Representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
- The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

Since the ensuing AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with.

7. Members of the Company under the category of Institutional Investors, if any, are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorise their representatives to participate and vote at the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM to murali@skmcooca.com or helpdesk.evoting@cdslindia.com.
8. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned at Note No. 32 of this Notice and this mode will be available throughout the proceedings of the AGM. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars.
9. Members may also note that the Notice of 63rd AGM along with the Annual Report for the year 2020 will also be made available on the Company's website www.sakthifinance.com for their download. For any communication, the shareholders may also send requests to the Company's investors e-mail id: investors@sakthifinance.com.
10. Notice of the 63rd AGM along with Annual Report for the year 2020 is being sent by electronic mode to the members whose e-mail addresses are registered with the Company / Depository Participants for communication purposes.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send e-mail to svenkatesh@sakthifinance.com.
12. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m. up to the date of the AGM.
13. In case of joint holders attending the AGM, only such joint holder who is higher in order of name will only be entitled to vote.
14. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on investors@sakthifinance.com, atleast 10 days before the date of the meeting to enable the management to respond quickly.
15. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register it by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held by them in electronic form and to the Company's Registrar and Share Transfer Agent ("RTA") in case the shares are held by them in physical form, quoting your folio number.
16. **THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") HAS MANDATED THE SUBMISSION OF PERMANENT ACCOUNT NUMBER ("PAN") BY EVERY PARTICIPANT IN SECURITIES MARKET. MEMBERS HOLDING SHARES IN ELECTRONIC FORM ARE, THEREFORE, REQUESTED TO SUBMIT THE PAN TO THEIR DEPOSITORY PARTICIPANTS WITH WHOM THEY ARE MAINTAINING THEIR DEMAT ACCOUNTS. MEMBERS HOLDING SHARES IN PHYSICAL FORM SHALL SUBMIT THEIR PAN DETAILS, PARTICULARLY WITH THE PHOTO COPY OF PAN CARD TO THE COMPANY / REGISTRAR.**
17. **SEBI HAD, BY ITS NOTIFICATION NOS. SEBI/LAD-NRO/GN/2018/24 DATED 8TH JUNE 2018 AND SEBI/LAD-NRO/GN/2018/49 DATED 30TH NOVEMBER 2018, MANDATED THAT THE SECURITIES OF LISTED COMPANIES CAN BE TRANSFERRED IN DEMATERIALIZED FORM ONLY (EXCEPT IN CASE OF TRANSMISSION OR TRANSPOSITION OF SHARES), WITH EFFECT FROM 1ST APRIL 2019. IN VIEW OF THIS, MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO CONSIDER CONVERTING THEIR HOLDINGS TO DEMATERIALIZED FORM TO ELIMINATE ALL RISKS ASSOCIATED WITH PHYSICAL SHARES AND FOR EASE OF PORTFOLIO MANAGEMENT. MEMBERS CAN CONTACT DEPOSITORY PARTICIPANTS FOR ASSISTANCE IN THIS REGARD.**
18. Mr. K. Murali Mohan, Chartered Accountant (Membership No. 14328) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
19. The Results declared along with Scrutinizer's Report shall be placed on the Company's website www.sakthifinance.com, notice to confirm board of the Company and on the website of CDSL, www.evotingindia.com within two days after the voting on the Resolutions at the Sixty Third AGM of the Company, viz. on or before **Saturday, 19th December 2020** and communicated to BSE Limited, where the equity shares of the Company are listed.
20. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangement with SKDC Consultants Limited for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to SKDC Consultants Limited, are required to provide their e-mail address to SKDC, on or before 5:00 p.m. ("IST") on **Thursday, 10th December 2020**. This Notice and the procedure for remote e-Voting along with the log-in ID and password for remote e-Voting will be sent to the e-mail address provided by the member. The process for registration of e-mail address is as under:
 - a. **Members holding shares in physical form**
 Members who have not registered their e-mail address with the company can obtain AGM Notice and Annual Report and/or log-in facility for remote e-voting, by sending scanned copy of following documents by e-mail to investors@sakthifinance.com :
 - i. a signed request letter mentioning your name, folio number and complete address
 - ii. self-attested scanned copy of the PAN card and
 - iii. self-attested scanned copy of any one of the

documents (such as Aadhaar Card, Driving Licence, Voter ID Card and Passport) towards proof of the address of the member as registered with the Company.

b. Members holding shares in electronic form

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

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

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

22. Permanent registration of their e-mail address:

Members are requested to register their e-mail address, in respect of electronic holdings with their Depository Participants concerned and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, SKDC Consultants Limited, Regd Office: "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, Phone (0422) 4958995, 2539835-836, **E-mail : green@skdc-consultants.com, Website : www.skdc-consultants.com.**

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

24. Record Date and Dividend

a. **Saturday, 19th September 2020** has been fixed as the Record Date for payment of dividend to the equity shareholders.

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

c. A Resident individual shareholder with PAN and whose dividend is likely to exceed ₹ 5,000 and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to green@skdc-consultants.com on or before the end of the business hours of **Thursday, 10th December 2020**. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a highest rate of 20%.

d. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, any other document which may be required to avail the tax treaty benefits by sending an e-mail to green@skdc-consultants.com. The above declarations and documents need to be submitted by the shareholders on or before the end of business hours of **Thursday, 10th December 2020**.

25. Payment of Dividend through electronic means

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

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

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

a. Transfer of unclaimed dividend

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

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

Financial Year	Due date for transfer to IEPF
2012-13: Dividend on Equity Shares	2nd November 2020
2013-14: Dividend on Equity Shares	3rd November 2021
2014-15: Dividend on Equity Shares	4th November 2022
2015-16: Dividend on Equity Shares	31st October 2023
2016-17: Dividend on Equity Shares	1st November 2024
2017-18: Dividend on Equity Shares	31st October 2025
2018-19: Dividend on Equity Shares	30th October 2026

The Company urges all the Members to encash/claim their respective dividend during the prescribed period.

Members who have not encashed the dividend warrants so far in respect of the above periods, are requested to make their claim to SKDC Consultants Limited well in advance of the above due dates.

b. Transfer of shares to IEPF

The members may note that in case dividend is not claimed for seven consecutive years, besides transfer of the unclaimed dividend to IEPF, the Company shall transfer the shares in respect of which the dividend was so unclaimed to the dematerialized account of IEPF under Section 124(5) of the Companies Act 2013 and the IEPF Rules. Accordingly, the Company has transferred **4,18,393** equity shares of ₹10 each to the dematerialized account of IEPF authority during the financial years 2019 and 2020.

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

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

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

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

29. UPDATION OF MEMBER'S DETAILS

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

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

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

30. VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended and Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members

of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **Thursday, 10th December 2020** may cast their vote either by remote e-voting as well as e-voting system as on date of AGM, if the member has not cast the vote using remote e-voting. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

The instructions for shareholders voting electronically are as under:

- a. The e-voting period begins on **Monday, 14th December 2020 (9.00 a.m) ("IST")** and ends on **Wednesday, 16th December 2020 (5.00 p.m) ("IST")**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, **Thursday, 10th December 2020**, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. The shareholder should log on to the e-voting website **www.evotingindia.com**.
- c. Click on Shareholders
- d. Now enter your User ID:
 - i. For CDSL : 16 digits beneficiary ID
 - ii. For NSDL : 8 character DP ID followed by 8 Digits Client ID
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the Image Verification as displayed and Click on Log-in.
- f. If you are holding shares in dematerialised form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- g. If you are first time user, follow the steps given below:

For Shareholders holding shares in Demat Form or Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is being provided.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or date of Birth (in dd/mm/yyyy format) as recorded in your dematerialized account or in the Company records in order to log in. If both the details are not recorded with the depository or company, please enter the members ID/Folio Number in the dividend bank details field as mentioned in instruction (d).

- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are

required to mandatorily enter their log-in password in the new password field. Kindly note that this password is also to be used by the dematerialised holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for "Sakthi Finance Limited" on which you choose to vote.
- l. On the voting page, you will see "RESOLUTION DESCRIPTION" and against it, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- q. If a dematerialised account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- r. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- s. **Note for Non-Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
 - After receiving the log-in details, a Compliance User should be created using the admin log-in and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the log-in should be mailed to helpdesk.evoting@cdslindia.com and on

approval of the accounts, they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodians, if any, should be uploaded in PDF format in the system for the scrutinizer to verify it.

- t. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

31. Other instructions

- i. The voting period begins on **Monday, 14th December 2020 (9.00 a.m) ("IST")** and ends on **Wednesday, 16th December 2020 (5.00 p.m) ("IST")**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **Thursday, 10th December 2020**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
- iii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or contact **Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai - 400013** or write an e-mail to helpdesk.evoting@cdslindia.com or calling on 022-23058738 or 022-23058543 or 022-23058542 during working hours on all working days.

32. Instruction for members for attending the AGM through VC / OAVM are as under:

- a. Member will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under shareholders / members log-in by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members log-in where the EVSN of Company will be displayed.
- b. Members are encouraged to join the Meeting through Laptops / IPads for better experience. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of above glitches.
- c. For ease of conduct, Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/ folio number, e-mail id, mobile number at investors@sakthifinance.com. The shareholders who

do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at **investors@sakthifinance.com**. These queries will be replied to by the company suitably by e-mail.

33. Voting process and instruction regarding e-voting at AGM are as under:

- a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.

- c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

By Order of the Board
For Sakthi Finance Limited

S Venkatesh

Company Secretary
FCS 7012

11th November 2020
Coimbatore-18

Registered Office:

62, Dr Nanjappa Road
Coimbatore – 641 018

CIN : L65910TZ1955PLC000145

Phone : (0422) 2231471-74, 4236200

Fax : (0422) 2231915

E-mail : investors@sakthifinance.com

Website: www.sakthifinance.com

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

The following Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 9 of the accompanying Notice dated **11th November 2020**.

Item No.5

1. Smt Priya Bhansali (DIN : 00195848) has been a Non-Executive, Independent Director of the Company since September 2015. She is also a member of Nomination and Remuneration Committee and Policy Review Committee of the Company. Smt Priya Bhansali was appointed as a Non-Executive, Independent Director by the members at the Fifty Eighth Annual General Meeting of the Company held on 28th September 2015, for a term up to five consecutive years from 28th September 2015 to 27th September 2020, not liable to retire by rotation. Smt Priya Bhansali is due for retirement from her first term as an Independent Director on 27th September 2020 as per Section 149(6) of the Companies Act 2013 ("the Act").
2. As per Section 149(10) and (11) of the Act, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and can be re-appointed on passing of a Special Resolution by the Company and disclosure of such reappointment in the Board's Report. Smt Priya Bhansali fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").
3. Accordingly, Smt Priya Bhansali is eligible for reappointment for a second term on the Board of the Company as an Independent Director, not liable to retire by rotation, with effect from 28th September 2020 to 27th September 2025, subject to the approval of Members by a Special Resolution at this AGM.
4. The Board of Directors, based on the recommendations of Nomination and Remuneration Committee, propose the re-appointment of Smt Priya Bhansali as an Independent Director. Pursuant to Section 160 of the Act, the Company has received a notice in writing from a member proposing the re-appointment of Smt Priya Bhansali for the office of Independent Director under Section 149 of the Act.
5. Based on the performance evaluation of Smt Priya Bhansali and as per the recommendations of Nomination and Remuneration Committee, given her professional qualification, rich experience and expertise in Finance and Accounting, Direct Taxes, Audit, Joint Ventures, Foreign Investment and International Taxation etc for nearly three decades and her contributions to the deliberations and discussion at the meeting of the Board, the Board of Directors is of the opinion that Smt Priya Bhansali's continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Smt Priya Bhansali as an Independent Director for a second term of office.
6. The Company has also received from Smt Priya Bhansali:
 - a. consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014
 - b. intimation in Form DIR-8 in terms of Rule 14 of the Companies (Appointment and Qualification of Directors) Rules 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, confirming her eligibility for such re-appointment; and
 - c. a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act 2013.
7. Smt Priya Bhansali has also confirmed that she satisfies the 'Fit and Proper' criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions 2016.

8. Further, as per Regulation 25(8) of the Listing Regulations, Smt Priya Bhansali has confirmed that she is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact her ability to discharge her duties with an objective independent judgment and without any external influence. Smt Priya Bhansali has also confirmed that she is not debarred from holding the office of a Director by virtue of any SEBI Order or any such Authority pursuant to SEBI Circular dated 20th June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.
 9. Smt Priya Bhansali has further provided a declaration pursuant to Rule 6(1) and (2) of the Companies (Appointment and Qualification of Directors) Rules 2014, as amended, affirming that she has registered her name with the Indian Institute of Corporate Affairs ("IICA"), Manesar for inclusion of her name in the Independent Directors' Data Bank and that she will renew her application for it, from time to time, till she continues to hold as an Independent Director of the Company. She has also successfully passed the examination conducted by the IICA to qualify for the Independent Directorship of the company.
 10. In the opinion of the Board and based on the Board's evaluation, Smt Priya Bhansali fulfills the conditions specified in the Act, Rules made thereunder and Listing Regulations for her reappointment as an Independent Director of the Company and she is independent of the management of the Company.
 11. A copy of the draft letter for the re-appointment of Smt Priya Bhansali as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to the date of AGM.
 12. Smt Priya Bhansali holds a Graduate Degree in Commerce. She is also 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 practising Chartered Accountant for nearly three decades. She has experience and expertise in Direct Taxes, Audit, Joint Ventures, FDI and International Taxation, etc.
 13. Details of her Directorships and Committee Memberships held in other public companies are given in the Annexure to the notice.
 14. In compliance with Section 149 read with Schedule IV to the Act and Regulation 16 of the Listing Regulations and other applicable regulations, if any, the reappointment of Smt Priya Bhansali as an Independent Director is placed for the approval of the members as a Special Resolution.
 15. Accordingly, the Board of Directors recommend the Special Resolution set out in Item No 5 of the accompanying Notice for the consideration and approval of the members.
 16. Except Smt Priya Bhansali, none of the Directors or Key Managerial Personnel ("KMP") of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution set out above.
- Item No.6**
1. Sri K P Ramakrishnan (DIN : 07029959) has been a Non-Executive, Independent Director of the Company since September 2015. He is also the member of Audit Committee and Policy Review Committee of the Company. Sri K P Ramakrishnan was appointed as a Non-Executive, Independent Director by the members at the Fifty Eighth Annual General Meeting held on 28th September 2015, for a term up to five consecutive years from 28th September 2015 to 27th September 2020, not liable to retire by rotation. Sri K P Ramakrishnan is due for retirement from his first term as an Independent Director on 27th September 2020 as per Section 149(6) of the Companies Act 2013 ("the Act").
 2. As per Section 149(10) and (11) of the Act, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and can be re-appointed on passing of a special resolution by the Company and disclosure of such reappointment in the Board's Report. Sri K P Ramakrishnan fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").
 3. Accordingly, Sri K P Ramakrishnan is eligible for reappointment for a second term on the Board of the Company as an Independent Director, not liable to retire by rotation, with effect from 28th September 2020 to 27th September 2025, subject to the approval of Members by a Special Resolution at this AGM.
 4. The Board of Directors, based on the recommendations of Nomination and Remuneration Committee, propose the reappointment of Sri K P Ramakrishnan as an Independent Director. Pursuant to Section 160 of the Act, the Company has received a notice in writing from a member proposing the reappointment of Sri K P Ramakrishnan for the office of Independent Director under Section 149 of the Act.
 5. Based on the performance evaluation of Sri K P Ramakrishnan and as per the recommendations of Nomination and Remuneration Committee, given his rich and varied experience in banking and finance, gained over a period of more than three decades in banking sector and his contributions to the deliberations and discussion at the meeting of the Board, the Board of Directors is of the opinion that Sri K P Ramakrishnan's continued association would be of immense benefit to the company and it is desirable to continue to avail the services of Sri K P Ramakrishnan as an Independent Director for a second term of office.
 6. The Company has received from Sri K P Ramakrishnan:
 - a. consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014

- b. intimation in Form DIR-8 in terms of Rule 14 of the Companies (Appointment and Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, confirming his eligibility for such reappointment; and
 - c. a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act 2013.
7. Sri K P Ramakrishnan has also confirmed that he satisfies the 'Fit and Proper' criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions 2016.
 8. Further, as per Regulation 25(8) of the Listing Regulations, Sri K P Ramakrishnan has confirmed that he is not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. Sri K P Ramakrishnan has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Order or any such Authority pursuant to SEBI Circular dated 20th June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.
 9. Sri K P Ramakrishnan has further provided a declaration pursuant to Rule 6(1) and (2) of the Companies (Appointment and Qualification of Directors) Rules 2014, as amended, affirming that he has successfully registered his name with the Indian Institute of Corporate Affairs ("IICA"), Manesar for inclusion of his name in the Independent Directors' Data Bank and that he will renew his application for it, from time to time, till he continues to hold as an Independent Director of the Company.
 10. Sri K P Ramakrishnan has confirmed that he had already served as an Independent Director of listed and unlisted public companies for more than ten years. As such, he has been exempted from the examination conducted by IICA to qualify for an Independent Directorship of the company.
 11. In the opinion of the Board and based on the Board's evaluation, Sri K P Ramakrishnan fulfills the conditions specified in the Act, Rules made thereunder and Listing Regulations for his reappointment as an Independent Director of the Company and he is independent of the management of the Company.
 12. A copy of the draft letter for the reappointment of Sri K P Ramakrishnan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to the date of AGM.
 13. 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.
 14. Details of his Directorships and Committee Memberships held in other public companies are given in the **Annexure** to the notice.
 15. In compliance with Section 149 read with Schedule IV to the Act and Regulation 16 of the Listing Regulations and other applicable regulations, if any, the reappointment of Sri K P Ramakrishnan as an Independent Director is placed for the approval of the members as a Special Resolution.
 16. Accordingly, the Board of Directors recommend the Special Resolution set out in Item No 6 of the accompanying Notice for the consideration and approval of the members.
 17. Except Sri K P Ramakrishnan, none of the Directors or Key Managerial Personnel ("KMP") or their relatives, is concerned or interested, financially or otherwise, in the Special Resolution set out above.
- Item No.7**
1. At the 58th Annual General Meeting of the Company held on 28th September 2015 members had approved reappointment of Sri M Balasubramaniam as Managing Director of the company for a period of five years with effect from 29th September 2015. His present term of office as Managing Director is valid up to 28th September 2020.
 2. Considering his significant contributions made to the company during his tenure of office, the Board of Directors have, at their meeting held on 24th August 2020, based on the recommendation of Nomination and Remuneration Committee, reappointed him, subject to the approval of members, as Managing Director for a further period of five years with effect from 29th September 2020 on the terms and conditions set out in the resolutions which are placed before the members for their approval. As per Section 203 of the Act, Managing Director is a Key Managerial Personnel ("KMP") of the Company.
 3. Sri M Balasubramaniam 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 the company as a Director in the year 1985 and has been the Managing Director of the company since 1990. He is also a Director of Sakthi Sugars Limited and other public limited companies. He is a member of Southern Regional Committee of All India Council for Technical Education ("AICTE").
 4. During his long association with Company, the Company has gained from strength to strength under his outstanding leadership. Further, considering the qualifications, experience and expertise, his continued association would be of immense benefit to the Company and hence it is desirable to continue of avail of his services as Managing Director of the company.
 5. The Company has received a notice in writing pursuant to Section 160 of the Companies Act 2013 from a member proposing the reappointment of Sri M Balasubramaniam for the office of Director of the Company.

6. Sri M Balasubramaniam has submitted the following documents:
 - a. consent in writing to be a Director in Form DIR-2
 - b. intimation in Form DIR-8 to the effect that he is not disqualified under Section 164(4) of the Companies Act 2013.
7. Sri M Balasubramaniam has confirmed that he satisfies the 'Fit and Proper' criteria as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions 2016.
8. Sri M Balasubramaniam has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Order or any such Authority pursuant to SEBI Circular dated 20th June 2018 circulated by BSE Limited relating to enforcement of SEBI Orders regarding appointment of Directors by listed companies.
9. Details of his Directorships and Committee Memberships held in other public companies are given in the **Annexure** to the notice.
10. The following additional information as required by Schedule V to the Companies Act 2013 is given below:

I. General Information

- i. Nature of Industry
The Company has been in the business of financing for Commercial Vehicles, Infrastructure equipments and Machineries, etc.
- ii. Date or expected date of commencement of commercial production
The Company was incorporated on 30th March 1955 and started Commencement of business immediately.
- iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not applicable.
- iv. Financial performance based on given indicators – as per audited financial results for the year ended 31st March 2020.

Particulars	(₹ lakhs)
Gross Turnover and Other Income	17,023.01
Net profit as per Statement of Profit and Loss (After Tax)	1,117.94
Computation of Net Profit in accordance with Section 198 of the Companies Act, 2013	1,450.44
Net worth	15,357

- v. Foreign investments or collaborators, if any:
Not applicable.

II. Information about the appointee:

- i. **Background details:** Information furnished in the Annexure to Notice.
- ii. Past remuneration during the financial year ended 31st March 2020: ₹ 114.19 lakhs

- iii. **Recognition or awards:** Not Applicable

iv. Job Profile and Suitability :

Sri M Balasubramaniam holds a Post graduate degree in Commerce and a Masters Degree in Business Administration in Finance from Notre Dame University, USA.

Sri M Balasubramaniam joined the Company as Director from 1985 and he has been the Managing Director of the company since 29th September 1990 and Vice Chairman and Managing Director of the Company from 24th October 2007.

During his long tenure, the company has achieved all-round performance. During the financial year 2019-20, the Company has crossed ₹1,200 crore mark in total asset size under his very able stewardship.

Considering the qualifications, experience, integrity and expertise of Sri M Balasubramaniam in the finance industry, he will be eminently qualified for being appointed as Managing Director of the company for a further period of 5 years with effect from 29th September 2020.

v. Remuneration proposed

The present term of office of Managing Director is valid up to 28th September 2020. Sri M Balasubramaniam is proposed to be reappointed as Managing Director for a further period of five (5) years with effect from 29th September 2020 on the following terms and conditions:

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 Income Tax Act 1961 b. Gratuity at the rate of half a month's salary for each completed year of service c. Encashment of leave at the end of tenure as per rules of the Company
Commission	3% on the Net Profits of the Company, subject to a maximum ceiling specified in Section I of Part II of Schedule V to the Act

- vi. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)**

The proposed remuneration to Sri M Balasubramaniam has been fixed after considering the size of the business, his qualification and the responsibilities shouldered for the effective management of the company.

The remuneration proposed to be paid to him, is also commensurate with the remuneration given to his position / level by the same industry or similar companies.

vii. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to him, the Managing Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information

- i. **Reasons of loss or inadequate profits** : Not applicable, as the Company has posted a net profit after tax of ₹ 1,117.94 lakhs during the year ended 31st March 2020.
- ii. **Steps taken or proposed to be taken for improvement** - Not Applicable
- iii. **Expected increase in productivity and profits in measurable terms**: Not applicable as the Company has adequate profits.

11. Except Sri M Balasubramaniam, Vice Chairman and Managing Director, Dr M Manickam, Chairman and Sri M Srinivaasan, Director and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ("KMP") of

the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7 of the Notice. None of the Directors and KMP of the Company are *inter se* related to each other.

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

13. The above terms and conditions may also be treated as an abstract under Section 190 of the Companies Act 2013.

Item No.8

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

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

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

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

a	Particulars of the offer including date of passing of Board resolution	Preference Shares Date of Board Meeting : 30th July 2020
b	Size of the issue and the number of preference shares to be issued and the nominal value of each share	The Company proposes to issue and allot up to 15,00,000 (Fifteen Lakhs only) Redeemable, Cumulative, Preference Shares of face value of ₹ 100 each for cash at par aggregating a nominal value not exceeding ₹ 15 crore to various persons/entities identified by the Board of Directors of the Company (hereinafter referred to as " the Board " which term shall be deemed to include duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) and whether or not they are members of the Company
c	Nature of such shares. i.e cumulative or non-cumulative, participating or non-participating, convertible or non-convertible	Redeemable, Cumulative, Non-participating and Non-Convertible Preference Shares
d	Objectives of the issue	To increase net worth, to strengthen the Capital Adequacy Ratio and to meet the Working Capital requirements of the Company
e	Manner of issue of shares	On private placement basis
f	Price at which such shares are proposed to be issued	At par
g	Basis on which the price has been arrived at	None

h	Name and address of valuer who performed valuation	Not applicable																					
i	Terms of issue, including terms and rate of dividend on each share etc	As mentioned in the resolution in item No 8 and the rate of dividend will be decided by Board of Directors																					
j	Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	The period of redemption would be based on the cash flows of the Company for its business requirements and would be decided by the Board of Directors but in no case shall exceed a period of 20 years from the date of issue. Redemption of preference shares at premium is not applicable and there is no conversion of shares																					
k	Manner and modes of redemption	Out of profits and /or out of fresh issue of capital																					
l	Current shareholding pattern of the Company	Equity shareholding pattern as on 30th September 2020* : <table border="1" data-bbox="805 604 1471 1052"> <thead> <tr> <th>Category</th> <th>No of Shares</th> <th>% of equity capital</th> </tr> </thead> <tbody> <tr> <td>Promoter and Promoter Group</td> <td>4,33,63,007</td> <td>67.02</td> </tr> <tr> <td>Financial Institutions, Mutual Funds and Banks</td> <td>900</td> <td>0.00</td> </tr> <tr> <td>Bodies Corporate including Overseas Corporate Body</td> <td>1,57,14,554</td> <td>24.29</td> </tr> <tr> <td>Non Resident Indians</td> <td>47,186</td> <td>0.07</td> </tr> <tr> <td>Resident Individuals and Others</td> <td>55,80,235</td> <td>8.62</td> </tr> <tr> <td>Total</td> <td>6,47,05,882</td> <td>100.00</td> </tr> </tbody> </table> <p>* Detailed shareholding pattern is available on the website of the Company, i.e. www.sakthifinance.com and also available on the website of the BSE Ltd i.e www.bseindia.com.</p>	Category	No of Shares	% of equity capital	Promoter and Promoter Group	4,33,63,007	67.02	Financial Institutions, Mutual Funds and Banks	900	0.00	Bodies Corporate including Overseas Corporate Body	1,57,14,554	24.29	Non Resident Indians	47,186	0.07	Resident Individuals and Others	55,80,235	8.62	Total	6,47,05,882	100.00
Category	No of Shares	% of equity capital																					
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Bodies Corporate including Overseas Corporate Body	1,57,14,554	24.29																					
Non Resident Indians	47,186	0.07																					
Resident Individuals and Others	55,80,235	8.62																					
Total	6,47,05,882	100.00																					
m	Expected dilution in equity share capital upon conversion of preference shares	Not applicable																					
n	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	None of the Promoters or Directors is interested in the offer.																					
o	Principal terms of assets charged as security, if applicable	Not applicable																					

Accordingly, the Board of Directors recommend the Special Resolution set out in Item No 8 of the accompanying Notice for the consideration and approval of the members.

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

Item No.9

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

Borrowings through NCDs and other debt securities, issued on private placement basis form significant source of funds

for the Company. The borrowings of the Company presently aggregate approximately to ₹ 983.74 crore, of which Secured or Unsecured NCDs, Subordinated bonds and other debt securities, privately placed, aggregate approximately to ₹ 364.06 crore.

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

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

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

Particulars of the offer including date of passing of Board resolution	Secured / Unsecured Redeemable, Non-Convertible Debentures ("NCDs") and Other Debt Securities in one or more series or tranches Date of Board Meeting : 24th August 2020
Kinds of securities offered and the price at which security is being offered	NCDs and other Debt Securities Face Value of NCDs : ₹ 1,000 each Other Debt Securities : At the discretion of the Board of Directors at the time of Issue
Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	Not applicable
Name and address of valuer who performed valuation	Not applicable
Amount which the company intends to raise by way of such securities	For an amount not exceeding ₹ 500 crores in aggregate
Material Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	Terms : NCDs : 15 to 36 months Other Debt Securities : At the discretion of the Board of Directors at the time of Issue Interest Rate : Not exceeding 12% p.a. Mode of payment : NEFT / Cheque / DD Repayment : NEFT / Cheque / DD on the date of maturity
Proposed time schedule for which the offer letter is valid	Validity commencing from the conclusion of this AGM until the conclusion of next AGM.
Purposes and objects of the offer	To finance the business operations and increased working capital requirements of the Company.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	None of the Promoters or Directors is interested in the offer.
Principal terms of assets charged as security, if applicable	Secured NCDs : Security cover will be 1.10 times of the debenture value.

Accordingly, the Board of Directors recommend the Special Resolution as set out in Item No 9 of the accompanying Notice for the consideration and approval of the members.

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

By Order of the Board
For Sakthi Finance Limited

S Venkatesh
Company Secretary
FCS 7012

11th November 2020
Coimbatore

Registered Office:

62, Dr Nanjappa Road
Coimbatore – 641 018

CIN : L65910TZ1955PLC000145

Phone : (0422) 2231471-74, 4236200

Fax : (0422) 2231915

E-mail : investors@sakthifinance.com

Website : www.sakthifinance.com

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

Name of the Director	Dr M Manickam	Smt Priya Bhansali
Item No	4	5
Director Identification Number ("DIN")	00102233	00195848
Date of birth and age	24th March 1956, 64 years	25th March 1966, 54 years
Date of appointment on the Board	11th December 1990	31st March 2015 (Addl Director - Independent) 28th September 2015 (Independent Director)
Qualifications	Master's Degree in Statistics from Madras University and a Master's Degree in Business Administration from University of Michigan, USA	Graduate Degree in Commerce from Madras University. Fellow Member of the Institute of Chartered Accountants of India ("ICAI") and a Diploma Holder in Information System Audit from ICAI
No of Board Meetings attended during the year out of 6 meetings	6 out of 6	6 out of 6
Expertise in specific functional areas	He has an experience of about 39 years in the field of Business and Industries. He plays an advisory role in SFL. He is the Chairman and Managing Director of Sakthi Sugars Limited. He is also Chairman and Managing Director of Sakthi Auto Component Limited. In recognition of his contribution for Management of Agro Processing Industries and Agricultural Development, he was awarded the "Doctor of Science" (<i>Honoris Causa</i>) by Tamilnadu Agricultural University, Coimbatore in July 2010. He was the President of Indian Sugar Mills Association during 1996-97	She is a partner in M/s Kumbhat & Co, Chartered Accountants. She has been practicing as a Chartered Accountant for nearly three decades. She has experience in Direct Taxes, Audit, Joint Ventures, Foreign Direct Investment and International Taxation etc.
Directorships held in other Companies	Listed Public Companies 1. Kovai Medical Center and Hospitals Ltd 2. Sakthi Sugars Limited Unlisted Public Companies 1. A B T Limited 2. ABT Foods Retailing (India) Limited 3. Sakthi Auto Component Limited 4. Sakthi Properties (Coimbatore) Limited 5. Sri Chamundeswari Sugars Limited 6. The Gounder and Company Auto Limited Private Limited Companies 1. A B T Info Systems Private Limited 2. Anamallais Bus Transport Private Limited 3. Nachimuthu Industrial Association	Listed Public Company 1. Sakthi Sugars Limited Private Limited Company 1. Ishita Advisory Services Private Limited
Memberships / Chairmanships of committee across public companies	Stakeholders' Relationship Committee: Chairman: Sakthi Finance Limited Member: Sakthi Sugars Limited	Nomination and Remuneration Committee: Member: Sakthi Finance Limited Policy Review Committee - Member: Sakthi Finance Limited Audit Committee - Member: Sakthi Sugars Limited
No of equity shares held	92,813	Nil
Last drawn remuneration	₹ 1.20 lakhs (Sitting Fees)	₹ 2.00 lakhs (Sitting Fees)
Relationship with other directors	Brother of Sri. M. Balasubramaniam Vice Chairman and Managing Director and Sri. M. Srinivaasan, Director	None

Name of the Director	Sri K P Ramakrishnan	Sri M Balasubramaniam
Item No	6	7
Director Identification Number ("DIN")	07029959	00377053
Date of birth and age	16th October 1954, 66 years	20th September 1958, 62 years
Date of appointment on the Board	30th May 2015 (Additional Director - Independent) 28th September 2015 (Independent Director)	21st August 1985
Qualifications	He holds a Bachelor's degree in Engineering from Indian Institute of Technology, Chennai	He holds Master's Degree in Commerce from Madras University and a Master's Degree in Business Administration from Notre Dame University, USA.
No of Board Meetings attended during the year out of 6 meetings	6 out of 6	5 out of 6
Expertise in specific functional areas	He was Chief General Manager of IDBI Bank Limited and has got more than three decades of experience in Banking and Finance	He has experience of 34 years in the field of finance, auto and sugar industries. He was Chairman of Coimbatore Zone of Confederation of Indian Industry and also a member of Management Committee of Coimbatore Management Association. He is a member of Southern Regional Committee of All India Council for Technical Education ("AICTE")
Directorships held in other companies	Unlisted Public Companies 1 TDT Copper Limited Private Limited Company 1. Think Capital Private Limited	Listed Public Companies Sakthi Sugars Limited Unlisted Public Companies 1. A B T Limited 2. ABT Foods Retailing (India) Limited 3. ABT Properties Limited 4. Sakthi Auto Component Limited 5. Sakthifinance Financial Services Limited 6. Sri Chamundeswari Sugars Limited 7. The Gounder and Company Auto Limited Private Limited Companies 1. Anamallais Bus Transport Private Limited 2. Coimbatore Innovation and Business Incubator 3. Nachimuthu Industrial Association
Membership / Chairmanship of committees across public companies	Audit Committee Member : Sakthi Finance Limited Policy Review Committee Member : Sakthi Finance Limited	Stakeholders' Relationship Committee Member 1. Sakthi Sugars Limited 2. Sakthi Finance Limited Policy Review Committee - Chairman: Sakthi Finance Limited CSR Committee - Member: Sakthi Finance Limited
No of equity shares held	Nil	1,92,000
Last drawn Remuneration	₹ 2.80 lakhs (Sitting Fees)	₹ 114.29 lakhs
Relationship with other directors	None	Brother of Dr M Manickam, Chairman and Sri. M. Srinivaasan, Director

BOARD'S REPORT

To the Members

Your Directors are pleased to present their Sixty Third Annual Report together with the audited financial statements of the company for the year ended 31st March 2020.

1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2019 - 20	2018-19
Total Income (A)	17,023.01	16,809.79
Less : Finance Costs	10,109.40	10,026.54
Other Expenditure	5,046.97	4,965.22
Depreciation, Amortization and Impairment	465.61	438.72
Total Expenses (B)	15,621.98	15,430.48
Profit before Exceptional Items and Taxes (A-B)	1,401.03	1,379.31
Exceptional Items	-	-
Profit before Tax	1,401.03	1,379.31
Less : Provision for Tax:	-	-
Current Tax	449.61	583.30
Deferred Tax	(166.52)	(161.48)
Profit after tax for the year	1,117.94	957.49
Balance of profit for earlier years	2,803.87	2,719.51
Profit available for Appropriation	3,921.81	3,677.00
Add : Other Comprehensive Income / (Loss)	(5.54)	(31.08)
Less : Dividend paid on Equity Shares (2019 & 2018)	500.00	500.00
Tax on Dividend - Equity Shares (2019 & 2018)	102.78	102.78
Statutory Reserve	223.59	239.27
Balance carried forward	3,089.90	2,803.87

Note: The financial statements for the year ended 31st March 2020 have been prepared under Indian Accounting Standards ("Ind AS"). The financial statements for the year ended 31st March 2019 have been restated in accordance with Ind AS for comparative purposes.

2. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS ("Ind AS")

Your Company has prepared the Financial Statements in conformity with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015, as amended by the Companies (Indian Accounting Standards) Rules 2016. The Company has adopted Ind AS with effect from 1st April 2019 with effective transition date of 1st April 2018.

Accordingly, these Financial Statements together with the Financial Statements for the comparative reporting period

have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act 2013 ("the Act") read with relevant Rules issued thereunder and the other accounting principles generally accepted in India.

The transition to Ind AS has been made from the previous Accounting Standards notified under the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended), guidelines issued by the Reserve Bank of India ("RBI") and other generally accepted accounting principles in India (collectively referred to as "the previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserves as on 1st April 2018 and the corresponding adjustments pertaining to comparative previous year as presented in these Financial Statements have been restated/reclassified in order to conform to current year presentation.

3. BUSINESS

During the financial year, the company disbursed an amount of ₹ 67,132 lakh in hire purchase financing operations as against ₹ 57,747 lakh during the previous financial year. The collection efficiency has been good. Your directors hope to achieve better business disbursements and profitability during the current financial year.

4. CHANGE IN NATURE OF BUSINESS, IF ANY

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

5. DIVIDEND

a. PREFERENCE SHARES

Your Directors have, at their meeting held on 30th June 2020, declared an interim dividend of ₹ 9 per share on 9% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ended 31st March 2020 amounting to ₹ 129.65 lakh, after deduction of TDS.

b. EQUITY SHARES

Your Directors are pleased to recommend a dividend of ₹ 0.60 per equity share (6% on the face value of equity shares of ₹ 10 each) for the year ended 31st March 2020 amounting to ₹ 388.26 lakh. Equity Dividend recommended for the financial year 2019-20, if approved by the members, will be recognized as a liability during the financial year 2020-21.

6. TRANSFER TO RESERVES

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

7. CHANGE IN THE CAPITAL

During the year, the Company has allotted 1,47,05,882 Equity Shares on preferential basis to Promoter Group Companies and Other Corporate Body on 13th March 2020. Accordingly, the paid-up share capital stands increased to ₹ 7,970.59 lakh from ₹ 6,500.00 lakh.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

9. PUBLIC ISSUE / REDEMPTION OF NON-CONVERTIBLE DEBENTURES

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

During March – April 2020, the Company made a Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each up to ₹ 10,000 lakhs, with an option to retain over-subscription up to ₹ 10,000 lakhs, aggregating ₹ 20,000 lakhs. The NCD issue opened on 13th March 2020 and closed on 30th April 2020 (extended due to Covid-19 pandemic with the approval of SEBI). The Company received a subscription of ₹ 11,210.00 lakh. The Company made allotment of 10,28,631 NCDs aggregating ₹ 10,286.31 lakhs to the eligible allottees on 8th May 2020. The NCDs have been listed and admitted for trading with BSE Limited with effect from 12th May 2020. The entire proceeds of the NCD issue were used towards the objects stated in the Prospectus.

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

As per the terms and conditions of the Public Issue Prospectus dated 30th March 2016, your company has fully redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options VI, VII and VIII aggregating ₹ 11,040.05 lakhs. The repayment was made on 18th May 2020 to the respective Debenture holders and thus the entire NCDs under Options I to VIII were fully redeemed.

10. PREFERENTIAL ISSUE OF EQUITY SHARES

During the financial year, the Company has raised an amount of ₹ **2,500.00 lakhs** by way of preferential issue of 1,47,05,882 equity shares at ₹ 17 per share from promoter group companies and other corporate body. The allotment was made on 13th March 2020. The listing and trading approval were received on 27th May 2020 and 3rd June 2020 respectively. The entire proceeds of the issue were utilized for the purpose for which the amount had been raised.

11. DEPOSITS

The total deposits with the company as at 31st March 2020 stood at ₹ **18,482.25 lakhs** as against ₹ **17,588.07 lakhs** as at the end of the previous year.

As at the end of the financial year 2020, **494** public deposits aggregating ₹ **514.52 lakhs** were due for repayment, but remained unclaimed. The Company has been regularly reminding the depositors about the maturity and out of the said deposits, **216** deposits amounting to ₹ **267.17 lakhs** have since been claimed and paid / renewed as per their instructions.

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

During the year 2019-20, your Company has transferred unclaimed dividend, unclaimed matured debentures and deposits, including interest, amounting to ₹ **21.24 lakh** to IEPF. Further, the Company has also transferred 39,715 equity shares of ₹ 10 each in respect of which dividend has remained unclaimed for seven consecutive years to IEPF.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Retirement by rotation

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Dr M Manickam, Director (DIN: 00102233) will retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for reappointment. The Board recommends his reappointment.

b. Reappointment of Independent Directors

Pursuant to the provisions of Section 149(10) and (11) of the Companies Act 2013, the Members of the Company had appointed Smt Priya Bhansali and Sri K P Ramakrishnan as Independent Directors at the 58th Annual General Meeting ("AGM") held on 28th September 2015 to hold office for five consecutive years for a term up to 27th September 2020. They are eligible for reappointment as Independent Directors for the second term.

Based on the recommendation of the Nomination and Remuneration Committee and their experience and expertise, performance evaluation exercise, skill sets they possess and significant contributions made by Smt Priya Bhansali and Sri K P Ramakrishnan to the deliberations and discussion at the meeting of the Board, the Board of Directors recommended their reappointments, for the second term of five consecutive years from 28th September 2020 to 27th September 2025 for the approval of the Members at the ensuing AGM by way of Special Resolutions and they are not liable to retire by rotation.

c. Reappointment of Sri M Balasubramaniam as Managing Director

The present term of office of Sri M Balasubramaniam, Managing Director is valid up to 28th September 2020. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 24th August 2020, approved his reappointment for a further period of five years with effect from 29th September 2020. A resolution relating to his reappointment is placed before the members for their approval at the ensuing Annual General Meeting.

d. Number of Meetings of the Board

Six (6) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to Corporate Governance Report, which forms part of this Report.

e. Key Managerial Personnel

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

f. Remuneration Policy

Company's policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the Corporate Governance Report which forms part of the Board's Report. The policy on remuneration is set out in **Annexure 2**. Further, information about the elements of remuneration package of individual directors is provided in the extract of Annual Return as required under Section 92(3) of the Act and is enclosed as **Annexure 3** in the prescribed form MGT-9, which forms part of this Report.

g. Independent Directors' Declaration

Dr A Selvakumar, Sri P S Gopalakrishnan, Smt. Priya Bhansali and Sri K P Ramakrishnan, who are Independent Directors, have submitted declarations that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"). Further, in terms of Regulation 25 of the Listing Regulations, they are not aware of any circumstance or situation which exist or may reasonably be anticipated that could be impair or impact their ability to discharge the duties with an objective independent judgement and without any external influence and they are independent of the management. The Board is of the opinion that the independent Directors of the Company possess requisite qualifications, expertise and experience in the field of information technology, banking and finance, finance and accounting, FDI, international taxation etc., and that they hold highest standards of integrity.

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

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

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

h. Code of Conduct for Directors and Senior Management

The Directors and members of the Senior Management have confirmed compliance with the Code of Conduct. A declaration to this effect has been signed by Vice Chairman and Managing Director and forms part of the Annual Report.

i. Inter se relationship amongst Directors

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

j. Performance Evaluation

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

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

14. AUDIT COMMITTEE

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

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

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2019-20, the company has not given / provided any loans, guarantee and securities to parties mentioned in Section 185 of the Act. Hence the provisions of Section 186 of the Act is not applicable to the Company.

16. TRANSACTIONS WITH RELATED PARTIES

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

17. INTERNAL CONTROL

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

18. RISK MANAGEMENT

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

19. WHISTLE BLOWER POLICY (VIGIL MECHANISM)

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

20. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company does not have any subsidiary, associate or joint venture. There was no Company which has become or ceased to be Company's subsidiary, joint venture or associate company during the financial year 2019-20.

21. CORPORATE GOVERNANCE REPORT

As required under Regulation 34(3) and Schedule V to the Listing Regulations, a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance form part of the Annual Report and is set out in **Annexure-4**.

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

The Company has put in place a Sexual Harassment Prevention Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal Compliance Committee ("ICC") has been formed to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2019-20, there were no complaints received in this regard by the ICC.

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

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

24. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

25. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The CSR Policy of the Company and the details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules 2014 have been disclosed in **Annexure - 5**. Further, details regarding composition of Corporate Social Responsibility Committee and other particulars are provided in the Corporate Governance Report which forms part of this report.

During the financial year, your company is required to spend ₹ **38.53 lakhs** towards CSR expenses. Your Company has so far spent ₹ **12.19 lakhs** as against the required to be spent during the financial year 2019-20.

Due to COVID-19 pandemic lockdown during March-May 2020, your company was unable to spend the balance amount of ₹ 26.34 lakhs.

26. AUDITORS

a. Statutory Auditors

M/s P K Nagarajan & Co., Chartered Accountants (ICAI Firm Regn. No. : 0166765) were appointed as statutory auditors of the Company at the 60th Annual General Meeting to hold office up to the conclusion of the 65th Annual General Meeting, subject to ratification of appointment by the members, every year. The Ministry of Corporate Affairs has, by its Notification dated 7th May 2018, dispensed with the requirement of ratification of Auditor's appointment by

the members, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

They have confirmed their independence and eligibility under Section 141 of the Act, the rules framed under the Act and listing regulations.

M/s. P K Nagarajan & Co, Chartered Accountants, have audited the accounts of the company for the year 2019-20 and submitted their report thereon. There has been no qualification, reservation, adverse remarks or disclaimer given by the Auditors in their report.

b. Secretarial Auditors

Pursuant to Section 204 of the Act, your Directors appointed M/s. S Krishnamurthy & Co, Company Secretaries, to undertake the Secretarial Audit of your company for the year 2019-20. The Secretarial Audit Report for the financial year 31st March 2020 is set out in **Annexure-6**.

There were no qualifications, reservations, observations or adverse remarks made by the Auditors in their report.

c. Cost Records and Cost Audit

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

27. PARTICULARS REQUIRED UNDER SECTION 134 OF THE ACT

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

- The Company has no activity involving conservation of energy or technology absorption;
- The Company does not have any Foreign Exchange Earnings; and
- Foreign Exchange Outgo : ₹ **83.43 lakhs**

28. PARTICULARS OF EMPLOYEES

The disclosures in terms of Section 197(12) of the Act read with rules 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 relating to remuneration is enclosed as **Annexure 7**.

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

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

30. MATERIAL CHANGES AND COMMITMENTS

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

31. EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Act is enclosed as **Annexure - 3** in the prescribed Form MGT-9 and forms part of this Report.

32. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

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

33. SECRETARIAL STANDARDS COMPLIANCE

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

34. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

M Manickam

Chairman

DIN : 00102233

24th August 2020
Coimbatore

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

The Indian Economy was showing signs of slow-down during the early part of the year, with Gross Domestic Product ("GDP") declining to 4.8 per cent during the first half of 2019-20 due to muted demand in core sectors. However, the hope of recovery during the later part of 2019-20 was strong. But the global onset of COVID-19 pandemic from the last quarter of the financial year 2019-20 made the recovery difficult since March 2020. The GDP finally grew by 4.2 per cent during the year 2019-20 as against the growth of 6.1 per cent during the year 2018-19.

Due to impact of COVID-19 pandemic, International Monetary Fund ("IMF") has pegged the India's GDP growth at 1.9 per cent only.

IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic during the initial months of 2020 affected the global and national economies extensively. In India, the Government announced a nationwide lockdown from the last week of March 2020 in an effort to contain the spread of the pandemic. The lockdown has affected the liquidity of all Companies. RBI announced three month's moratorium on loans initially (up to May 2020) which was subsequently extended by another three months (up to August 2020) to ease the burden of the borrowers. The Indian Government, Reserve Bank of India and various other regulators have announced a variety of measures and relaxations to ensure sufficient liquidity in the hands of the individuals, corporate / other market participants so that the impact caused by the pandemic is somehow mitigated to some extent.

The Honorable Prime Minister and the Finance Minister have announced to build "Atma Nirbhar Bharat" ("Self Reliant India") to induce growth in these challenging times. For the benefit of Non-Banking Finance Companies ("NBFCs"), Housing Finance Companies ("HFC") and Mutual Funds ("MF"), the Government of India launched ₹ 30,000 crore special liquidity scheme where under the government had agreed to buy investment grade debt papers of NBFCs, HFC and MFI, which will be guaranteed by the Government. Government also announced Targeted Long-term Refinancing Operations ("TLTRO") aimed at specifically providing enough liquidity to NBFCs.

Our company has also adopted the policy on moratorium and extended the benefits to the borrowers who opted for it so as to mitigate the burden on repayments.

OPPORTUNITIES

For the financial year 2019-20, the automobile industry was severely hit as sales fell across all vehicle segments. As per the data of Society of Indian Automobile Manufacturers ("SIAM"), the Indian automobile industry declined by 20 per cent in domestic sales as compared to a 5.9 per cent growth in 2018-19. The Commercial Vehicle Industry in India recorded a decline of 30 per cent in 2019-20 as compared to a growth of 17.1 per cent in 2018-19. This is due to the sharp slow-down in the economy, subdued demand and transition to BS VI.

During the year 2019-20, the Commercial Vehicle Industry's sales came down by 28.75 per cent as against a growth of 5 per cent in 2018-19.

Our Company is predominantly engaged in financing of pre-owned commercial vehicles and it is not expected to be impacted much during the financial year 2021. India is expected to have normal South West monsoon in the year 2020. With the Kharif sowing this year being substantially higher over the last year's planting, the performance of the agriculture sector and other allied activities is likely to increase rural income, which will, in turn, increase the rural demand for pre-owned vehicles. This may improve the prospects for pre-owned Commercial Vehicles and consequently will improve the business performance of your company.

THREATS

Due to COVID-19 pandemic, the company's operations for the last quarter of 2019-20, were slightly affected. During the lockdown of March – August 2020, the Company's business operations were impacted and as a result it has affected the cash flows of the Company. During this time, the rating agencies downgraded many NBFCs. However, your company's promoters supported the company by contributing to the preferential equity share capital issue of the company and contributed ₹ 25 crores. This resulted in improvement of various financial parameters. Consequently, rating agencies reassigned a Stable outlook (rating BBB) for your company. The interest rates, fuel prices, the Government's move to BS VI transitioning will continue to be a threat to CV industry to which our company caters to.

Unless there are signs of improvement in economic activities post Covid-19, the prospects of increase in business of the company may not happen.

However, both support of the Government and RBI providing various measures and relaxations to ease the liquidity of NBFCs during these extraordinary times may, to some extent, mitigate the impact caused by the COVID-19 pandemic.

BALANCE OF PAYMENTS POSITION

The India's Current Account Deficit for 2019-20, as a percentage of GDP, narrowed to 0.9 per cent of GDP as against 2.1 per cent in 2018-19. The marginal surplus in the current account which was recorded in last quarter of 2020 was due to the lower trade deficit on account of easing of crude oil prices. The Foreign Exchange reserves stood at USD 505.60 billion in June 2020 as compared to USD 412 billion at the end of the financial year 2018-19.

PROSPECTS

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

As per the World Bank Report, the pandemic will greatly affect the emerging and developing economies. In India, output is likely to decrease by 3.2 per cent in the financial

year 2020-21. However, rural India has not been affected much by the pandemic. Bountiful harvest of crops followed by procurement and the expectation of normal monsoon during the year augurs well for the agricultural sector and will lead to increased commercial activities in rural areas.

Further, your company's focus is on financing of pre-owned CVs only. Hence by increasing its presence in newer geographies with larger network of branches, your Company will increase its business operations and profitability in the coming years.

PERFORMANCE AND FINANCIAL REVIEW

During the financial year 2019-20, your company disbursed Hire Purchase Advances to the extent of ₹ 67,132 lakhs as against ₹ 57,747 lakhs in the previous financial year 2018-19. The total deposits held by the company as on 31st March 2020 stood at ₹ 18,482 lakhs.

The gross income for the financial year 2019-20 was recorded at ₹ 17,023 lakhs and the net profit after tax for the year was at ₹ 1,117.94 lakhs, excluding the Comprehensive income. The company accounted towards depreciation, amortization and impairment an amount of ₹ 465.61 lakhs in the statement of profit and loss.

KEY FINANCIAL RATIOS

The following are the Key Financial Ratios of the Company for the financial year 2019-20 as compared to the financial year 2018-19.

Ratios	March 2020 (%)	March 2019 (%)
Return on Net Worth	7.24	7.12
Capital to Risk Adequacy Ratio ("CRAR")		
- Tier I Capital	12.88	13.22
- Tier II Capital	9.03	9.13
Net Interest Income / Average Total Assets	5.81	6.14

Cautionary Statement

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

Profit before Tax / Average Tax Assets	1.21	1.24
Total Debt / Net worth	6.30	6.41
Interest Coverage Ratio	1.14	1.14
Gross NPA / Average Total Assets	4.88	4.41
Net NPA / Average Total Assets	2.60	2.12

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

HUMAN RESOURCES DEVELOPMENT

During the year 2019-20, your Company had a very harmonious and cordial relationship with all its employees. There were 511 employees on the rolls of the company as on 31st March 2020. Your company's human resources policy aims to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among its employees. Your Company takes concrete steps to strengthen the organizational competency through various training programmes for various levels on a regular basis for all its employees.

For and on behalf of the Board

M Manickam

Chairman

DIN : 00102233

24th August 2020
Coimbatore

POLICY ON REMUNERATION

(Forming part of Nomination and Remuneration Committee Charter)

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

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

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

i. Criteria of selection

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

ii. Remuneration to Non-Executive Directors

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

connection with participation in the Board / Committee Meetings.

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

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

i. Criteria for selection/appointment

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

ii. Remuneration

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

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

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

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

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

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

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

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
 as on the financial year ended 31st March 2020
 (Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the
 Companies (Management and Administration) Rules 2014)

I. REGISTRATION AND OTHER DETAILS

i	CIN	L65910TZ1955PLC000145
ii	Registration Date	30th March 1955
iii	Name of the Company	Sakthi Finance Limited
iv	Category/Sub-category of the Company	Non-Banking Financial Company
v	Address of the Registered Office and contact details:	
	Registered Office	62, Dr Nanjappa Road Post Box No.3745, Coimbatore - 641 018 Tel : (0422) 2231471-74, 4236200 E-Mail : sakthif_info@sakthifinance.com investors@sakthifinance.com
	Head Office (Contact Details)	As above
vi	Whether listed company	Yes
vii	Name, Address and contact details of the Registrar and Share Transfer Agent, if any	SKDC Consultants Limited "Kanapathy Towers" Third Floor, No.1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Tel : (0422) 4958995, 2539835-836 Fax : (0422) 2539837 E-mail : info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl No	Name and Description of main products /services	NIC Code of the Product / Service	% to total turnover of the company
1	Finance for Commercial Vehicles and other loans	64920 - Other Credit Granting	98.65

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no holding, subsidiary and associate company.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)
(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (includes Promoters Group) (Promoter Group is as per the classification shown under Regulation 31 of SEBI (LODR) Regulations 2015 and SEBI (SAST) Regulations 2011)									
1) Indian									
a) Individual/HUF	5,43,668	-	5,43,668	1.09	5,43,668	-	5,43,668	0.84	(0.25)
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	0.00
c) Bodies Corporates	3,15,63,457	-	3,15,63,457	63.12	4,28,19,339	-	4,28,19,339	66.18	3.06
d) Bank/FI	-	-	-	-	-	-	-	-	0.00
e) Any other	-	-	-	-	-	-	-	-	0.00
SUB TOTAL : (A)(1)	3,21,07,125	-	3,21,07,125	64.21	4,33,63,007	-	4,33,63,007	67.02	2.81
2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	0.00
b) Other Individuals	-	-	-	-	-	-	-	-	0.00
c) Bodies Corporates	-	-	-	-	-	-	-	-	0.00
d) Banks/FI	-	-	-	-	-	-	-	-	0.00
e) Any other	-	-	-	-	-	-	-	-	0.00
SUB TOTAL : (A)(2)	-	-	-	-	-	-	-	-	0.00
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	3,21,07,125	-	3,21,07,125	64.21	4,33,63,007	-	4,33,63,007	67.02	2.81
B. PUBLIC SHAREHOLDING									
1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	0.00
b) Banks/Financial Institutions	-	900	900	0.00	5	900	905	0.00	0.00
c) Central Govt	-	-	-	-	-	-	-	-	0.00
d) State Govt. (Instn.)	-	-	-	-	-	-	-	-	0.00
e) Venture Capital Fund	-	-	-	-	-	-	-	-	0.00
f) Insurance Companies	-	-	-	-	-	-	-	-	0.00
g) FIs	-	-	-	-	-	-	-	-	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
i) Others (specify)	-	-	-	-	-	-	-	-	0.00
SUB TOTAL : (B)(1)	-	900	900	0.00	5	900	905	0.00	0.00
2) Non Institutions									
a) Bodies corporates									
i) Indian	69,52,900	9,41,102	78,94,002	15.79	1,03,54,409	9,40,262	1,12,94,671	17.46	1.67
ii) Overseas	-	-	-	-	-	-	-	-	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	25,20,764	9,92,284	35,13,048	7.03	24,87,195	9,20,516	3,407,711	5.27	(1.76)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,72,492	2,43,150	14,15,642	2.83	12,99,801	2,43,150	1,542,951	2.38	(0.45)
c) Others (specify) Directors and their relatives	300	-	300	0.00	300	-	300	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non-resident Indians	43,581	1,550	45,131	0.09	45,893	200	46,093	0.07	(0.02)
Overseas Corporate Body	-	44,50,000	44,50,000	8.90	-	4,450,000	44,50,000	6.88	(2.02)
Clearing Members	53,681	-	53,681	0.11	32,611	-	32,611	0.05	(0.06)
Hindu Undivided Family	1,38,168	-	1,38,168	0.28	146,265	-	1,46,265	0.23	(0.05)
Unclaimed Suspenses Account	2,975	-	2,975	0.01	2,975	-	2,975	0.00	(0.01)
Investor Education and Protection Fund	3,79,028	-	3,79,028	0.76	418,393	-	4,18,393	0.65	(0.11)
SUB TOTAL : (B)(2)	1,12,63,889	66,28,086	1,78,91,975	35.79	1,47,89,842	65,54,128	2,13,41,970	32.98	(2.79)
Total Public Shareholding (B)= (B)(1)+(B)(2)	1,12,63,889	66,28,986	1,78,92,875	35.79	1,47,87,847	65,55,028	2,13,42,875	32.98	(2.80)
C. Shares held by Custodian for GDR and ADRs	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	4,33,71,014	66,28,986	5,00,00,000	100.00	5,81,50,854	65,55,028	6,47,05,882	100.00	0.00

(ii) Share Holding of Promoters and Promoter Group

Sl No	Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No of shares	% to total shares of the company	% of shares pledged / encumbered to total shares	No of shares	% to total shares of the company	% of shares pledged / encumbered to total shares	
1	Dr M Manickam	92,813	0.19	-	92,813	0.14	-	(0.05)
2	Sri M Balasubramaniam	1,92,000	0.38	-	1,92,000	0.30	-	(0.08)
3	Sri M Srinivaasan	2,51,355	0.50	-	2,51,355	0.39	-	(0.11)
4	Smt.Karunambal Vanavarayar	7,500	0.02	-	7,500	0.01	-	(0.01)
5	ABT Investment (India) Private Limited	87,27,400	17.45	-	87,27,400	13.49	-	(3.96)
6	ABT Finance Limited	1,31,162	0.26	-	33,31,162	5.15	-	4.89
7	ABT Industries Limited	9,19,926	1.84	-	9,19,926	1.42	-	(0.42)
8	Sakthifinance Financial Services Limited	81,10,000	16.22	-	1,24,20,000	19.19	-	2.97
9	Sakthi Financial Services (Cochin) Private Limited	34,11,246	6.82	-	71,57,128	11.06	-	4.24
10	Sakthi Logistic Services Limited*	5,700	0.01	-	5,700	0.01	-	(0.00)
11	Sakthi Sugars Limited	10,40,000	2.08	-	10,40,000	1.61	-	(0.47)
12	Sri Chamundeswari Sugars Ltd	24,000	0.05	-	24,000	0.04	-	(0.01)
13	Sri Sakthi Textiles Limited	7,000	0.01	-	7,000	0.01	-	(0.00)
14	The Gounder and Company Auto Limited	39,25,000	7.85	-	39,25,000	6.07	-	(1.78)
15	Sakthi Realty Holdings Limited	24,75,000	4.95	-	24,75,000	3.83	-	(1.12)
16	ABT Foundation Limited	24,75,000	4.95	-	24,75,000	3.83	-	(1.12)
17	Dr.N Mahalingam (Deceased)	2,76,023	0.55	-	2,76,023	0.43	-	(0.13)
18	Smt.M.Mariamammal (Deceased)	36,000	0.07	-	36,000	0.06	-	(0.02)
	Total	3,21,07,125	64.21	-	4,33,63,007	67.02	-	2.81

* Name of this Company has since been changed to Sakthi Finance Holdings Limited

(iii) Change in Promoters' Shareholding*

Sl No	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of shares	% to total shares of the company	No of shares	% to total shares of the company
1	At the beginning of the year	3,21,07,125	64.21	3,21,07,125	64.21
	Increase due to preferential allotment of equity shares on 13th March 2020	1,12,55,882	17.40	4,33,63,007	67.02
	At the end of the year	4,33,63,007	67.02	4,33,63,007	67.02

* includes promoter group

**(iv) Shareholding Pattern of top ten Shareholders
 (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl No	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of shares	% to total shares of the company	No of shares	% to total shares of the company
1	Avdhoot Finance and Investment Private Limited				
	At the beginning of the year	56,24,208	11.25	56,24,208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	56,24,208	8.69	56,24,208	8.69
2	Sakthi Management Services (Coimbatore) Limited				
	At the beginning of the year	11,35,434	2.27	11,35,434	2.27
	Increase / Decrease in Shareholding during the year	34,50,000	5.33	45,85,434	7.09
	At the end of the year	45,85,434	7.09	45,85,434	7.09
3	Bridgewater Investment Corporation Limited				
	At the beginning of the year	44,50,000	8.90	44,50,000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	44,50,000	6.88	44,50,000	6.88
4	Grahasakthi Properties Private Limited				
	At the beginning of the year	9,27,237	1.85	9,27,237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	9,27,237	1.43	9,27,237	1.43
5	Deepinder Singh Poonian				
	At the beginning of the year	2,92,440	0.58	2,92,440	0.58
	Datewise increase / (decrease) in shareholding during the year :				
	Purchase of Shares on 10-05-2019	22,599	0.05	3,15,039	0.63
	Purchase of Shares on 17-05-2019	53	0.00	3,15,092	0.63
	Purchase of Shares on 31-05-2019	218	0.00	3,15,310	0.63
	Sale of Shares on 14-06-2019	(37,931)	(0.08)	2,77,379	0.55
	Sale of Shares on 21-06-2019	(20,237)	(0.04)	2,57,142	0.51
	Sale of Shares on 28-06-2019	(32,056)	(0.06)	2,25,086	0.45
	Sale of Shares on 05-07-2019	(2,378)	(0.00)	2,22,708	0.45
	Sale of Shares on 12-07-2019	(6,962)	(0.01)	2,15,746	0.43
	Sale of Shares on 19-07-2019	(711)	(0.00)	2,15,035	0.43
	Sale of Shares on 26-07-2019	(12,134)	(0.02)	2,02,901	0.41
	Purchase of Shares on 21-02-2020	1	0.00	2,02,902	0.41

Sl No	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of shares	% to total shares of the company	No of shares	% to total shares of the company
	Purchase of Shares on 28-02-2020	318	0.00	2,03,220	0.41
	Purchase of Shares on 06-03-2020	324	0.00	2,03,544	0.41
	Purchase of Shares on 13-03-2020	6,082	0.01	2,09,626	0.32
	Purchase of Shares on 20-03-2020	3,600	0.01	2,13,226	0.33
	Purchase of Shares on 31-03-2020	1,040	0.00	2,14,266	0.33
	At the end of the year	2,14,266	0.33	2,14,266	0.33
6	Balasubramaniam M				
	At the beginning of the year	1,67,150	0.33	1,67,150	0.33
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1,67,150	0.26	1,67,150	0.26
7	Kushagra Gupta				
	At the beginning of the year	1,40,285	0.28	1,40,285	0.28
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1,40,285	0.22	1,40,285	0.22
8	Amit Subhash Kulkarni				
	At the beginning of the year	54,538	0.11	54,538	0.11
	Datewise increase / (decrease) in shareholding during the year :				
	Purchase of Shares on 28-06-2019	10,000	0.02	64,538	0.13
	Purchase of Shares on 05-07-2019	5,000	0.01	69,538	0.14
	Purchase of Shares on 12-07-2019	5,462	0.01	75,000	0.15
	Purchase of Shares on 22-11-2019	1,566	0.00	76,566	0.15
	Purchase of Shares on 29-11-2019	4,327	0.01	80,893	0.16
	Purchase of Shares on 06-12-2019	5,454	0.01	86,347	0.17
	Purchase of Shares on 13-12-2019	2,500	0.01	88,847	0.18
	Purchase of Shares on 20-12-2019	2,605	0.01	91,452	0.18
	Purchase of Shares on 27-12-2019	2,994	0.01	94,446	0.19
	Purchase of Shares on 03-01-2020	4,637	0.01	99,083	0.20
	Purchase of Shares on 10-01-2020	916	0.00	99,999	0.20
	Purchase of Shares on 06-03-2020	705	0.00	1,00,704	0.20
	Purchase of Shares on 20-03-2020	17,471	0.03	1,18,175	0.18
	Purchase of Shares on 27-03-2020	20,331	0.03	1,38,506	0.21
	Purchase of Shares on 31-03-2020	113	0.00	1,38,619	0.21
	At the end of the year	1,38,619	0.21	1,38,619	0.21
9	Bannari Amman Sugars Limited				
	At the beginning of the year	84,375	0.17	84,375	0.17
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	84,375	0.13	84,375	0.13
10	Kalpathy Viswanath Narayanmurti				
	At the beginning of the year	75,748	0.15	75,748	0.15
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	75,748	0.12	75,748	0.12

(v) Shareholding of Directors and Key Management Personnel

Sl No	Shareholders Name	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of shares	% to total shares of the company	No of shares	% to total shares of the company
1	M Manickam, Chairman				
	At the beginning of the year	92,813	0.19	92,813	0.19
	Datewise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer /bonus /sweat equity etc)	-	-	-	-
	At the end of the year	92,813	0.14	92,813	0.14
2	M Balasubramaniam, Vice Chairman and Managing Director				
	At the beginning of the year	1,92,000	0.38	1,92,000	0.38
	Datewise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer /bonus /sweat equity etc)	-	-	-	-
	At the end of the year	1,92,000	0.30	1,92,000	0.30
3	M Srinivaasan, Director				
	At the beginning of the year	2,51,355	0.50	2,51,355	0.50
	Datewise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer /bonus /sweat equity etc)	-	-	-	-
	At the end of the year	2,51,355	0.39	2,51,355	0.39
4	A Selvakumar, Director				
	At the beginning of the year	300	0.00	300	0.00
	Datewise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer /bonus /sweat equity etc)	-	-	-	-
	At the end of the year	300	0.00	300	0.00
5	S Venkatesh, Company Secretary				
	At the beginning of the year	1,075	0.00	1,075	0.00
	Datewise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer /bonus /sweat equity etc)	-	-	-	-
	At the end of the year	1,075	0.00	1,075	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	42,528.51	25,723.65	17,588.07	85,840.23
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,188.91	3,165.61	1,122.70	6,477.22
Total (i+ii+iii)	44,717.42	28,889.26	18,710.77	92,317.45
Change in Indebtedness during the financial year				
Additions	17,800.91	15,453.51	8,955.57	42,209.99
Reduction	9,746.06	14,873.84	8,021.30	32,641.20
Net Change	8,054.85	579.67	934.27	9,568.79
Indebtedness at the end of the financial year				
i) Principal Amount	49,847.04	28,366.61	18,482.25	96,695.90
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,925.23	1,102.32	1,162.79	5,190.34
Total (i+ii+iii)	52,772.27	29,468.93	19,645.04	101,886.24

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A Remuneration to Managing Director, Whole Time Director and/or Manager

(₹ lakhs)

Sl. No.	Particulars of Remuneration	Mr M Balasubramaniam Vice Chairman and Managing Director	Dr S Veluswamy Director (Finance and Operations)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961	49.79	36.05
	(b) Value of perquisites u/s 17(2) of the Income tax Act 1961	3.90	0.34
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961	--	--
2	Stock option	--	--
3	Sweat Equity	--	--
4	Commission	--	--
	- 3% of profit *	49.41	--
	- others (specify)	--	--
5	Others, please specify	--	--
	Total	103.10	36.39
	Ceiling as per the Act	10% of the net profits of the Company	

* subject to approval of members at the ensuing Annual General Meeting

B Remuneration to other directors

(₹ lakhs)

Sl No	Particulars of Remuneration	Name of the Director				Total
		Dr A Selvakumar	P S Gopalakrishnan	Priya Bhansali	K P Ramakrishnan	
1	Independent Directors					
	(a) Fee for attending board / committee meetings	3.20	1.60	2.00	2.80	9.60
	(b) Commission	--	--	--	--	--
	(c) Others, please specify	--	--	--	--	--
	Total (1)	3.20	1.60	2.00	2.80	9.60
2	Other Non Executive Directors	M Manickam	M Srinivaasan			
	(a) Fee for attending board committee meetings	1.20	1.00			2.20
	(b) Commission	--	--			--
	(c) Others, please specify.	--	--			--
	Total (2)	1.20	1.00			2.20
	Total Managerial Remuneration (1+2)					11.80
	Overall Ceiling as per the Act					NA

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ lakhs)

Sl No	Particulars of Remuneration	Key Managerial Personnel	
		Sri M K Vijayaraghavan, Chief Financial Officer (CFO)*	Sri S Venkatesh Company Secretary
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961	4.99	17.82
	(b) Value of perquisites u/s 17(2) of the Income tax Act 1961	--	--
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961	--	--
2	Stock option	--	--
3	Sweat Equity	--	--
4	Commission	--	--
	- as % of profit *	--	--
	- others (specify)	--	--
5	Others, please specify	--	--
	Total	4.99	17.82

* Sri M K Vijayaraghavan was CFO of the Company up to May 2019 only.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty Punishment Compounding			NIL		
B. DIRECTORS					
Penalty Punishment Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			NIL		

For and on behalf of the Board

M Manickam
 Chairman
 DIN : 00102233

24th August 2020
 Coimbatore

CORPORATE GOVERNANCE REPORT

Annexure - 4

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

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

a. Composition and Category of Directors

As on 31st March 2020, the Board of Directors consists of eight (8) members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director, a whole-time Director (Finance and Operations) and other five Non-Executive Directors, of which four are Independent Directors (including a women director), who bring in a wide range of skills, experience and expertise to the Board. The number of Independent Directors is 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in Companies Act 2013 and Regulation 17 of the Listing Regulations.

In accordance with Regulation 25(8) of the Listing Regulations, all Independent Directors ("IDs") have confirmed that they meet the independence criteria as mentioned under Section 149 of the Act, the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. The IDs have further stated that they are not aware of any circumstance or situation, which exist or may reasonably be anticipated that could impair or impact their ability to discharge their objective, independent judgement and without any external influence. The company has received confirmation from all existing IDs that they have registered with Independent Director's Database maintained by the Indian Institute of Corporate Affairs ("IICA"), Manesar, pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules 2014. Based on the disclosures received from all the IDs and as determined at the meeting held on 24th August 2020, the Board is of the opinion that the IDs fulfill the conditions of independence as specified in the Act and are independent of management.

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

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

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

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

It is confirmed that no Independent Director has resigned from the Board before the expiry of his / her period during the financial year.

Due to Covid-19 pandemic lockdown, the Independent Director's meeting could not be held on or before 31st March 2020. However, the Independent Directors had a separate meeting on 30th July 2020 without the participation of Non-Independent Directors and Promoter Directors.

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

b. Number of Board Meetings held during the year

During the financial year 2019-20, six (6) Board Meetings were held on 29th May 2019, 5th August 2019, 14th September 2019, 13th December 2019, 13th January 2020, 14th February 2020. The gap between two meetings is within one hundred and twenty days only. The information as required under Regulation 17(7) of the Listing Regulations is made available to the Board for discussion and consideration at Board Meetings. The Board also reviews compliance reports of all laws applicable to the company on quarterly basis.

c. Familiarisation programme for Independent Directors

The familiarization process followed by the Company includes briefing about the Board's composition and

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

d. Performance Evaluation

In terms of the requirements of the Companies Act 2013 and Schedule II Part D of the Listing Regulations, the Board of Directors at their meeting held on 30th July 2020 carried out an annual evaluation of its own performance, its Committees and performance of individual directors, including the Chairman and of the Committees formed by the Board. The evaluation process is covered in the Board's Report. Similarly,

Independent Directors reviewed the performance of the Chairman and of the Non-Independent Directors.

e. Code of Conduct

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

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

f. Attendance and other Directorships

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

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2019-20 Attendance at		No. of other directorships (a) (excluding Sakthi Finance Ltd)	Committee position (b)	
			Board Meeting	Last AGM		Chairman	Member
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	6	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	5	Yes	8	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	3	No	6	-	0
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	6	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	6	Yes	3	3	-
Smt Priya Bhansali DIN : 00195848	Non-executive Director, Independent	None	6	Yes	1	-	1
Sri K P Ramakrishnan DIN : 07029959	Non-executive Director, Independent	None	6	Yes	1	-	-
Dr S Veluswamy* DIN : 05314999	Executive, Non-Independent Director (Finance and Operations)	None	6	Yes	4	-	2

* Appointed as an Additional Director (Finance and Operations) with effect from 29th May 2019

- excludes directorships held in private limited companies, foreign companies and Section 8 company
- only Audit Committee and Stakeholders' Relationship Committee of public limited companies are considered

- g. The names of the listed entities (including this company), where the Directors hold Directorship in other companies as on 31st March 2020 and the category of Directorship is given below:

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

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

1. Industry knowledge
2. Leadership qualities
3. Strategic thinking
4. Financial Expertise (Banking, Finance and Accounting)
5. Information Technology

6. Understanding the applicable laws, rules, regulations and policy

7. Integrity and ethical standards

i. **Board Skills / Expertise / Competencies**

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

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

3. COMMITTEES OF THE BOARD

A. Audit Committee

Terms of reference

The Company has adopted an amended Audit Committee Charter on 29th May 2019 which will be in line with enhanced scope for the Committee as laid down under Section 177 of the Companies Act 2013 and Regulation 18(3) read with Part C of Schedule II to the Listing Regulations.

The terms of reference of this 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 Companies Act 2013 and are as follows:

1. Examination of the financial statement and draft auditors' report.
2. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Discuss and review, with the management and auditors, the annual/quarterly financial statements before submission to the Board, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of sub-section (3)(c) of Section 134 of the Companies Act 2013
 - b. Disclosure under Management Discussion and Analysis of Financial Condition and Results of Operations
 - c. Any changes in accounting policies and practices and reasons for them
 - d. Major accounting entries involving estimates based on exercise of judgment by management
 - e. Significant adjustments made in the financial statements arising out of audit findings
 - f. Modified Opinions in the draft audit report
 - g. Disclosure of any related party transactions
 - h. Compliance with listing and other legal requirements relating to financial statements and
 - i. Review the statement for uses/applications of funds under major categories on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document/prospectus/notice. Such review shall be conducted till the full money raised through any issue has been fully spent

6. Review the financial statements, in particular, the investments made in the unlisted subsidiary company, if any.
7. Review the utilization of the Loans / Investments by the holding company exceeding ₹ 100 crores or 10% of the asset size of the company, whichever is lower, if applicable.
8. Review the compliance with the requirements of SEBI (Prevention of Insider Trading) Regulations 2015, as amended, at least once in a year.

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

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

Composition

Chairman

1. Dr A Selvakumar, Independent Director

Members

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

Number of Meetings held and Attendance

The Committee held six meetings during the financial year on 29th May 2019, 5th August 2019, 14th September 2019, 5th December 2019, 13th December 2019 and 14th February 2020. The gap between two meetings is within one hundred and twenty days only.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar	6	6
Sri M Srinivaasan	6	2
Sri K P Ramakrishnan	6	6

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

B. Nomination and Remuneration Committee

The Company has adopted a revised Nomination and Remuneration Committee Charter on 29th May 2019. The role of Nomination and Remuneration Committee is as required under Section 178 of the Companies Act 2013 and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

Terms of reference

The terms of reference of the Committee includes the following:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMPs") and other employees and to ensure the following:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors as well as KMPs of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long-term performance, objectives appropriate to the working of the Company and its goals.
2. The Nomination and Remuneration Committee determines and recommends remuneration including commission, perquisites and allowances payable to Vice Chairman and Managing Director;
 3. Identifying persons who are qualified to become directors as well as those who may be appointed in senior management in accordance with the criteria laid down;
 4. Recommend on Board diversification;
 5. Formulate criteria and carry out evaluation of every Director's performance;
 6. Review and recommend the compensation and variable pay for Executive Directors and KMPs to the Board, remuneration payable to Senior Management; and
 7. Recommend to the Board about appointment and removal of Directors and senior management personnel.

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

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

The details of remuneration/sitting fee paid to the executive/non-executive directors for the financial year 2019-20 and the shares held by them are given below.

Name of the Director	Salary	Commission	Perquisites	Sitting Fee	Total	No. of equity shares held
	(₹ lakh)					
Dr M Manickam	-	-	-	1.20	1.20	92,813
Sri M Balasubramaniam	49.79	60.50	3.90	-	114.19	1,92,000
Sri M Srinivaasan	-	-	-	1.00	1.00	2,51,355
Dr A Selvakumar	-	-	-	3.20	3.20	300
Sri P S Gopalakrishnan	-	-	-	1.60	1.60	Nil
Smt Priya Bhansali	-	-	-	2.00	2.00	Nil
Sri K P Ramakrishnan	-	-	-	2.80	2.80	Nil
Dr S Veluswamy	36.05	-	0.34	-	36.39	Nil

Composition

Chairman

1. Sri P S Gopalakrishnan, Independent Director

Members

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

Number of Meetings held and Attendance

The Committee held two meetings during the financial year on 29th May 2019 and 5th August 2019. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

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

Remuneration to Directors

For Vice Chairman and Managing Director

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

For Director (Finance and Operations)

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

For Non-Executive Directors

Sitting fee as permitted under the Companies Act 2013 plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-executive directors are not being paid any commission.

Notes:

1. The present tenure of appointment of Managing Director and Director (Finance and Operations) are governed by the Articles of Association of the company and the resolutions passed by the Board of Directors and members of the company. These cover the terms and conditions of such appointments.
2. The Company has entered into agreements with Managing Director for a period of 5 years with effect from 29th September 2015 and for Director (Finance and Operations) for a period of 5 years with effect from 29th May 2019.
3. The resignation of a director becomes effective upon its acceptance by the Board.
4. No severance fee is payable to the Directors on termination of office.
5. The company has no stock option scheme either to its directors or to its employees.
6. None of the non-executive directors have any pecuniary relationship or transactions with the company.
7. No remuneration (sitting fees) payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors.

C. Stakeholders' Relationship Committee
Terms of reference

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

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

Composition

The composition of the Stakeholders' Relationship Committee is given below:

Chairman

1. Dr M Manickam

Members

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

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

Number of Meetings held and Attendance

The Committee held a meeting during the financial year on 15th February 2020 and the attendance of its members are given below:

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

During the year, the Company received a complaint from a shareholder regarding non-receipt of dividend for the financial year 2017-18 and 2018-19 through SEBI SCORES. It was expeditiously attended to the satisfaction of the complainant. No complaint was pending as at the close of the financial year.

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

Name, Designation and Address of Compliance Officer

S. Venkatesh, Company Secretary

Sakthi Finance Limited

(CIN:L65910TZ1955PLC000145)

62, Dr. Nanjappa Road

Post Box No.3745, Coimbatore - 641 018

Tel : (0422) 2231471-474, 4236200

E-mail : investors@sakthifinance.com

Website : www.sakthifinance.com

D. Corporate Social Responsibility ("CSR") Committee
Terms of reference

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

1. indicate the activities to be undertaken as specified in Schedule VII to the 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. The CSR Committee formulated and recommended the CSR Policy to the Board during the financial year 2019-20. The CSR Policy has been hosted on the website of the Company.

Composition

The composition of CSR Committee is given below:

Chairman

1. Sri P S Gopalakrishnan, Independent Director

Members

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

Number of Meetings held and Attendance

Due to Covid-19 pandemic lockdown, no meeting was held on or before 31st March 2020. However a meeting was held on 30th July 2020.

Name	No. of meetings held	No. of meetings attended
Sri P S Gopalakrishnan	1	1
Sri M Balasubramaniam	1	1
Dr A Selvakumar	1	1

E. Asset Liability Management Committee

Terms of reference

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

Composition

The ALM Committee was reconstituted at the Board meetings held on 5th August 2019 and 13th December 2019. Accordingly, the composition of the ALM Committee is given below:

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

Number of Meetings held and Attendance

The committee held three meetings during the financial year on 25th April 2019, 23rd October 2019 and 18th March 2020 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	3	3
Sri M K Vijayaraghavan, Advisor*	3	1
Dr S Veluswamy**	3	2
Dr A Selvakumar***	3	1
Sri S Senthilkumar	3	3

* Relinquished from the committee from 5th August 2019

** Inducted as a member from 5th August 2019

*** Inducted as a member from 13th December 2019

F. Risk Management Committee

Terms of reference

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

Composition

The Risk Management Committee was reconstituted at the board meeting held on 13th December 2019. The composition of the Risk Management Committee is given below:

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 16th September 2019 and 12th February 2020 and the attendance of its members are given below.

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	2	2
Dr A Selvakumar	2	2
Dr S Veluswamy*	2	1

* inducted as a member from 13th December 2019

G. Information Technology ("IT") Strategy Committee

Terms of reference

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

Composition

The composition of Information Technology Strategy Committee is given below:

Chairman

1. Dr A Selvakumar, Independent Director

Members

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

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 29th June 2019 and 10th January 2020 and the attendance of its members are given below:

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

H. Finance and Investment Committee

Terms of reference

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

Composition

The composition of the Committee is given below:

Chairman

1. Dr M Manickam

Members

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

Number of Meetings held and Attendance

During the financial year, nine meetings were held on 3rd July 2019, 17th July 2019, 20th December 2019, 23rd December 2019, 6th January 2020, 25th January 2020, 14th February 2020, 3rd March 2020 and 7th March 2020 for approving the borrowings / Investments of the company and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	9	8
Sri M Balasubramaniam	9	9
Dr A Selvakumar	9	9

I. Allotment Committee

Terms of reference

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

Composition

The composition of the Allotment Committee and the number of meetings held are given below:

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

Number of Meetings held and Attendance

During the financial year, thirty three Meetings were held on 17th April 2019, 1st June 2019, 17th June 2019, 28th June 2019, 29th June 2019, 19th July 2019, 20th July 2019, 8th August 2019, 9th August 2019, 29th August 2019, 5th September 2019, 16th September 2019, 17th September 2019, 30th September 2019, 1st October 2019, 19th October 2019, 4th November 2019, 5th November 2019, 19th November 2019, 22nd November 2019, 6th December 2019, 16th December 2019, 21st December 2019, 30th December 2019, 31st December 2019, 20th January 2020, 24th January 2020, 30th January 2020, 8th February 2020, 28th February 2020, 13th March 2020, 24th March 2020 and 30th March 2020 for allotting equity shares through preferential allotment, debentures and other debt securities on private placement basis and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	33	33
Dr A Selvakumar	33	33
Sri K P Ramakrishnan	33	25

J. NCD Issuance Committee

Terms of reference

This Committee is formed for the purpose of:

- authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
- giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

- c. appointing the lead manager(s) to the issue in accordance with the provisions of the Debt Regulations;
- d. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into with various commercial and other agreements, and/or any/all government and regulatory authorities concerned in India, and/ or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
- e. deciding, approving, modifying or altering the pricing and terms of the NCDs and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board;
- f. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;
- g. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection therewith;
- h. appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the Debt Regulations;
- i. finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(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 Debt Regulations;
- k. authorization of the RTA for maintenance of register of NCD holders;
- l. finalization of the basis of allotment of the NCDs including in the event of over-subscription;
- m. finalization of the allotment of the NCDs on the basis of the applications received; acceptance and appropriation of the proceeds of the NCD Issue; and
- n. to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

Composition

The composition of NCD Issuance Committee is given below:

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Sri M Srinivaasan, Director

Number of Meetings held and Attendance

During the financial year, three Meetings were held on 15th May 2019, 19th February 2020 and 7th March 2020 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	3	3
Dr A Selvakumar	3	3
Sri M Srinivaasan	3	-

K. Policy Review Committee

Terms of reference

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

Composition

The composition of the Policy Review Committee is given below:

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

The Committee held two meetings during the financial year on 29th May 2019 and 13th December 2019 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	2	1
Dr A Selvakumar	2	2
Smt. Priya Bhansali	2	2
Sri. K P Ramakrishnan	2	2

4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

5. GENERAL BODY MEETINGS

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

Year	AGM	Date	Time	Venue
2019	62nd	23rd September 2019	12.15 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avinashi Road, Peelamedu Coimbatore - 641 004
2018	61st	24th September 2018	12.00 Noon	
2017	60th	25th September 2017	12.05 p.m	

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

Date of AGM	Particulars of Special Resolutions passed
23rd September 2019 (62nd AGM)	1. Re-appointment of Dr A Selvakumar (DIN : 01099806) as an Independent Director 2. Re-appointment of Sri P S Gopalakrishnan (DIN : 00001446) as an Independent Director 3. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 crore.
24th September 2018 (61st AGM)	1. Continuation of Directorship of Sri P S Gopalakrishnan (DIN 00001446), Non-Executive Independent Director for the remaining period of his present tenure, from 1st April 2019 till 26th September 2019. 2. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 crore
25th September 2017 (60th AGM)	1. Private Placement of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and/or other Debt Securities for an amount not exceeding ₹ 750 crore

c. Details of Postal Ballot

During the year, a Postal Ballot was conducted by the Company for seeking the approval of the Members. Sri K Murali Mohan, Chartered Accountant, was appointed as the Scrutinizer to conduct the postal ballot and remote e-voting in a fair and transparent manner. The Company had engaged the services of Central Depository Services (India) Limited as the agency for the purpose of providing the e-voting facility.

The details of postal ballot are as follows:

Date of Postal Ballot Notice	: 24th January 2020
Voting Period	: 30th January 2020 to 29th February 2020
Date of approval	: 29th February 2020
Date of Declaration of result	: 2nd March 2020
Scrutinizer	: Sri K Murali Mohan FCA

Details of Resolution passed:

Name of the resolution	No of votes polled	% of votes polled on outstanding shares	Votes cast in favour		Votes cast against	
			No of votes	%	No of votes	%
Issuance of Equity Shares to Promoter Group Companies and Other Corporate Body of the Company on preferential basis	3,95,43,202	79.09	3,95,41,801	99.996	1,401	0.004

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

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

6. MEANS OF COMMUNICATION

a. The quarterly results are published in national/regional daily ("Business Line" in English and "The Hindu" in Tamil). The half-yearly results are not individually sent to the shareholders.

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

- Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under "Investors Section"
- Letters/intimation to Stock Exchanges in the "Investor Announcements" under "Investors Section".

7. MANAGEMENT

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

8. DIRECTORS' APPOINTMENT / REAPPOINTMENT / CONTINUATION

Details of disclosure regarding reappointment of Independent Directors and Managing Director are given in the **Annexure** to the Notice.

9. GENERAL SHAREHOLDER INFORMATION

63rd Annual General Meeting

Day, Date and Time : Thursday, 17th December 2020 at 4.00 p.m

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

10. FINANCIAL CALENDAR FOR 2020-21

Unaudited financial results for the quarter ended June 2020	On or before 15th September 2020 (extended by SEBI due to Covid-19 pandemic)
Unaudited financial results for the quarter ending September 2020	On or before 14th November 2020
Unaudited financial results for the quarter ending December 2020	On or before 14th February 2021
Audited financial results for the year ending March 2021	On or before 30th May 2021
Annual General Meeting for the year ending March 2021	On or before 30th September 2021.

11. DIVIDEND PAYMENT

On or after 17th December 2020 but within the stipulated time.

12. LISTING ON STOCK EXCHANGES AND STOCK CODE

a. Listing

The equity shares are presently listed on BSE Limited, Floor 25, P J Towers, Dalal Street, Fort, Mumbai - 400 001. The listing fee has been paid to the exchange. The company has paid the annual custodial fee for the year 2020-21 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2020.

b. NCD Public Issue 2016

As per the terms and conditions of the Public Issue Prospectus dated 30th March 2016, your company redeemed Non-Convertible Debentures issued under Options VI, VII and VIII aggregating ₹ 11,040.05 lakh (Principal amount). The redemption was made on 18th May 2020 to the respective Debenture holders.

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

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
I	INE302E07177	936674	9.50	Monthly	646.99	15 May 2021
II	INE302E07185	936676	NA	Cumulative	1,344.40	15 May 2021
III	INE302E07193	936678	9.75	Monthly	592.26	15 May 2022
IV	INE302E07201	936680	9.75*	Annual	268.93	15 May 2022
V	INE302E07219	936682	NA	Cumulative	800.13	15 May 2022
VI	INE302E07227	936684	10.00	Monthly	1,909.01	15 May 2023
VII	INE302E07235	936686	10.00*	Annual	292.14	15 May 2023
VIII	INE302E07243	936688	NA	Cumulative	1,541.34	15 May 2023
II. Unsecured						
IX	INE302E08027	936690	10.25	Monthly	2,084.53	15 June 2024
X	INE302E08035	936692	10.25*	Annual	106.70	15 June 2024
XI	INE302E08043	936694	NA	Cumulative	2,183.57	15 June 2024
Total					11,770.00	

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

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

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

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

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

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

g. **Corporate Identification Number (CIN)** **L65910TZ1955PLC000145**

h. Market Price Data

The monthly high and low market prices of the company's equity shares traded on BSE Limited, Mumbai for the financial year 2019-20 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2019	19.00	16.40	39,487	38,460
May 2019	19.95	16.20	40,125	36,956
June 2019	19.00	12.00	40,312	38,871
July 2019	15.75	12.55	40,032	37,128
August 2019	16.00	11.95	37,808	36,102
September 2019	17.99	13.75	39,441	35,988
October 2019	16.89	13.00	40,392	37,416
November 2019	16.20	14.15	41,164	40,014
December 2019	15.50	12.60	41,810	40,135
January 2020	17.15	14.55	42,274	40,477
February 2020	16.00	14.20	41,709	38,220
March 2020	15.95	10.02	39,083	25,639

REGISTRARS AND SHARE TRANSFER AGENT	DEBENTURE TRUSTEE
SKDC Consultants Limited (Unit: Sakthi Finance Limited) Regd Office: 'Kanapathy Towers' Third Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Phone : (0422) 4958995, 2539835 - 836 Fax : (0422) 2539837 E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com	Catalyst Trusteeship Limited "GDA House" Plot No. 5 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 25280081 Fax : (020) 25280275 E-mail : dt@ctltrustee.com Website : www.catalysttrustee.com

i. Share Transfer System

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

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

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

13. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2020

The distribution of shareholding as at 31st March 2020 is as under:

Share holding	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	9,016	86.23	13,36,046	2.06
501 - 1,000	747	7.14	5,86,049	0.91
1,001 - 2,000	320	3.06	4,68,467	0.72
2,001 - 3,000	125	1.19	3,19,334	0.49
3,001 - 4,000	52	0.50	1,88,613	0.29
4,001 - 5,000	52	0.50	2,37,389	0.37
5,001 - 10,000	72	0.69	5,09,893	0.79
10,001 and above	72	0.69	6,10,60,091	94.37
Total	10,456	100.00	6,47,05,882	100.00

14. SHAREHOLDING PATTERN AS AT 31ST MARCH 2020

The shareholding pattern as at 31st March 2020 is as under:

Category	No. of Shares	Percentage
Promoters / Promoter Group	4,33,63,007	67.02
Other bodies corporate	1,12,94,671	17.46
Banks, Financial Institutions and Mutual Funds	905	0.00
Non-resident Incorporated Entity	44,50,000	6.88
Non-Resident Indians	46,093	0.07
Resident public	51,29,838	7.92
Unclaimed Shares Suspense Account	2,975	0.00
Investor Education and Protection Fund	4,18,393	0.65
Total	6,47,05,882	100.00

15. DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd ("NSDL") and Central Depository Services (India) Ltd ("CDSL"). 5,81,50,854 Equity Shares of the Company constituting 89.87% (based on the expanded capital) of the paid-up capital were dematerialized as on 31st March 2020.

16. NOMINATION FACILITY

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

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

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

18. ADDRESS FOR CORRESPONDENCE

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

19. INVESTORS' CORRESPONDENCE

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

Contact Person : Sri K Marimuthu

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

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

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

20. CREDIT RATING

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

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

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

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

22. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

23. DISCLOSURES RELATING TO UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) of the Listing Regulations, the company opened a dematerialized account viz. Unclaimed Shares Dematerialized Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited-Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2020 are as follows:

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

The voting rights in the shares outstanding in the suspense account as on 31st March 2020 shall remain frozen till the rightful owners of such shares claim the shares.

24. OTHER DISCLOSURES

a. Related Party Disclosures

The details of transactions with related parties are disclosed in Note 42 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company, www.sakthifinance.com. The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its information. The related party transactions entered into by the company in the ordinary course of business are periodically placed before the Audit Committee for its approval.

b. Details of Non-Compliance, Penalties and Strictures

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

c. Whistle Blower Policy/Vigil Mechanism

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

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

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

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

e. Plant Locations

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

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

During the year ended 31st March 2020, the Company had raised an amount not exceeding ₹ 2500.00 lakhs through preferential issue of 1,47,05,882 equity shares at ₹ 17 per share from promoter group companies and other corporate body. The allotment was made on 13th March 2020. The listing and trading approval were received on 27th May 2020 and 3rd June 2020 respectively. The entire proceeds of the issue were utilized for the purpose for which the amount was raised.

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

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

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

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

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

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

Particulars	(₹ Lakh)
Statutory Audit	16.00
Other Services including reimbursement of expenses	14.80
Total	30.80

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

Status of complaints for the Financial Year 2019-20 is as follows:

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

k. Accounting treatment in preparation of Financial Statements

The Company has prepared the financial statements in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015.

l. Mandatory requirements

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

m. Discretionary requirements

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

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

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

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

p. CEO/CFO Certification

In accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations relating to CEO/ CFO certification, Vice Chairman and Managing Director and Director (Finance and Operations) have given necessary certificate to the Board for the financial year ended 31st March 2020.

q. Auditor's certificate on Corporate Governance

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

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

Name of the Policy, Code or Charter	Brief description	Web Link
Terms of Appointment of Independent Directors	The appointment letter issued to Independent Directors detailing the broad terms and conditions of their appointment	https://sakthifinance.com/board-of-directors/
Board Committees	The composition of various committees of the Board	https://sakthifinance.com/board-of-directors/
Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct.	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Code-of-conduct-for-Directors-and-Senior-Management.pdf
Whistleblower Policy (Vigil Mechanism)	Whistleblower Policy has been formulated for Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Whistle_Blower_Policy_May2019.pdf
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties.	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_RPT_Policy_May2019.pdf
Familiarisation Programme	For Independent Directors through various programmes / presentations	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/fpd/Familiarisation-Programme-2020.pdf
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company.	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes.	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc.	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/CSR-Policy.pdf
Policy on Disclosure of material events	This policy provides timely, adequate and uniform dissemination of information and disclosure of Unpublished Price Sensitive information to provide accurate and timely communication to our shareholders and the financial markets.	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
Investor Education and Protection Fund ("IEPF")	Statement of unclaimed and unpaid amounts of Dividend, Shares, Debentures and Deposits	https://sakthifinance.com/investor-information/

For and on behalf of the Board

M Manickam
 Chairman
 DIN : 00102233

24th August 2020
 Coimbatore

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

I, M Balasubramaniam, Vice Chairman and Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2020.

For Sakthi Finance Limited

24th August 2020
Coimbatore-18

M BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

To

The Members of Sakthi Finance Limited

Certificate on Corporate Governance

1. We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited ('the Company') for the year ended March 31, 2020 as stipulated in Regulations 17 to 27, Clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchange.

Management's Responsibility

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

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2020.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI') and as per the Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

Opinion

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

24th August 2020
Coimbatore

For P K NAGARAJAN & CO.,
Chartered Accountants
Firm Registration Number: 0166765

P K NAGARAJAN
Partner
Membership Number: 025679
UDIN:20025679AAAABN8970

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our information and according to the verification at MCA Portal as considered necessary and explanations furnished to us by the Company and its Officers, we hereby certify that none of the directors on the Board of Sakthi Finance Limited ("**the Company**") as stated below for the financial year ended as on the 31st March 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs, Government of India (MCA) or such other Statutory Authority.

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

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

24th August 2020
 Coimbatore

For S. Krishnamurthy & Co.,
 Company Secretaries
 R.Sivasubramanian
 Partner
 Membership No. A22289
 Certificate of Practice No.12052
 UDIN : A022289B000608921

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

- A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and project and Programs
 The Company has adopted a CSR policy within the broad scope laid down in Schedule VII to the Companies Act 2013 as projects/programs/activities, excluding activities in its normal course of business. The CSR Policy of the Company is available on the website of the company under the following link: <https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/CSR-Policy.pdf>
- The composition of CSR Committee is given below:
 - Sri P S Gopalakrishnan, Chairman
 - Dr A Selvakumar, Member
 - Sri M Balasubramaniam, Member
- Average net profits of the Company for the last three financial years: ₹ 1,926.42 lakh
- Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : ₹ 38.53 lakh
- Details of CSR spent during the financial year 2019-20

(₹ lakhs)

Particulars	Amount
Total amount spent for the financial year	12.19
Amount unspent, if any	26.34

- Manner in which the amount spent during the financial year is detailed below:

Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: (1) Local area or other (2) Specify the State and district where Projects or programs were undertaken	Amount out-lay (budget) project or program wise (₹ lakhs)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads (₹ lakhs)	Cumulative Expenditure up to the reporting period (₹ lakhs)	Amount spent : Direct or through implementing agency
1	Appropriate sponsorship to community / social / charitable institutions of repute engaged in activities in line with our CSR Policy	Promoting education, enhancing vocational skills	Local areas and others	38.53	9.73	9.73	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others		2.46	12.19	Direct
Total				38.53	12.19		

- In case the Company has failed to spend the two per cent of the average net profits for the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Board's Report.

Your Company has so far spent ₹ 12.19 lakhs as against ₹ 38.53 lakhs required to be spent during the financial year 2019-20. Refer Board's report for the reasons for unspent amount.

- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objective and policy of the Company.

Pursuant to the provisions of Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the CSR Committee states that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy of the Company.

 24th August 2020
 Coimbatore

M. Balasubramaniam
 Vice Chairman and Managing Director
 (Member)
 DIN : 00377053

P.S. Gopalakrishnan
 Chairman
 (CSR Committee)
 DIN : 00001446

Form No. MR-3
Annexure - 6
Secretarial Audit Report for the financial year ended 31st March 2020

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

 To
 The Members

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

 We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **SAKTHI FINANCE LIMITED** (hereinafter called "the Company") during the financial year from **1st April 2019 to 31st March 2020** ("the year"/ "audit period"/ "period under review").

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

We issue this report based on:

- i. Our examination /verification of the physical / electronic books, papers, minute books and other records maintained by the Company and furnished to us in physical / electronic form through e-mail, forms / returns filed and compliance related action taken by the Company during the year as well as after 31st March 2020 but before the issue of this audit report;
- ii. Our observations during our visits to the Registered office of the Company;
- iii. Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee/ Board of Directors; and
- iv. Representations made, physical/electronic documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2020 the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

1. Compliance with specific statutory provisions

We further report that:

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

- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- iv. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Regulations**"):-
 - a. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ("**ILDS**")
 - b. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; ("**SAST**")
 - c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("**LODR**"); and
 - e. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR**").
- v. The following law is specifically applicable to the Company (Specific laws):
 - a. Chapter III B of the Reserve Bank of India Act, 1934 and the directions/guidelines/circulars/ notifications issued thereunder by the Reserve Bank of India ("**RBI**") to the extent applicable to a deposit taking non-banking finance company.
- vi. The listing agreement entered into by the Company with BSE Limited (BSE) (Agreement).
- vii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment ("**FEMA**").
- viii. Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review and also considering the compliance related action taken by the Company after 31st March 2020 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- i. Complied with the applicable provisions/ clauses of the Acts, Rules, SEBI Regulations and Specific laws mentioned under sub-paragraphs (i), (ii), (iii), (iv)(a) to (iv)(e), (v) to (vii) of paragraph 1.1 above; and
- ii. Generally complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors ("**SS-1**") and General Meetings ("**SS-2**") mentioned under paragraph 1.1.(viii) above to the extent applicable to Board meetings and General meetings. Secretarial Standards on 'Dividend' ("**SS-3**") , being non-mandatory, has not been adopted by the Company.

- 1.3. We are informed that, during/ in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings ("FEMA");
 - Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act, 2013 and dealing with client;
 - Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
 - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- 2. Board processes:**
 We further report that:
- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI LODR.
- 2.2 As on 31st March 2020, the Board has:
- 2 [Two] Executive Directors
 - 2 [Two] Non-Executive Non Independent Directors
 - 4 [Four] Non-Executive Independent Directors, including a Woman Independent director.
- 2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- Re-appointment of Sri.M.Srinivaasan (DIN 00102387) as a Director, upon retirement by rotation at the 62nd Annual General Meeting held on 23rd September 2019.
 - Re-appointment of Dr.A.Selvakumar (DIN 01099806) and Sri.P.S.Gopalakrishnan (DIN 00001446) as Non-Executive Independent Directors for the second term of five consecutive years from 27th September 2019 to 26th September 2024 at the 62nd Annual General Meeting held on 23rd September 2019.
 - Appointment of Dr.S.Veluswamy (DIN 05314999) as Wholetime Director designated as Director (Finance and Operations) for a period of five years from 29th May 2019 to 28th May 2024 at the 62nd Annual General Meeting held on 23rd September 2019 liable to retire by rotation.
- 2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.5 Notice of Board meetings were sent to the directors at least seven days in advance.
- 2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.
- 2.7 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
- Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and
 - Additional subjects / information / presentations and supplementary notes.
- 2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.9 We are informed that, at the Board meetings held during the year:
- Majority decisions were carried through; and
 - No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.
- 3. Compliance mechanism**
 We further report that:
- 3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- 4 Specific events/ actions**
- 4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards :
- The Company allotted 11,77,000 Secured and Unsecured Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each aggregating ₹ 117.70 Crores to the eligible allottees on 15th May 2019 by Public Issue of Prospectus dated 28th March 2019. The NCDs have been listed and admitted for trading with BSE Limited with effect from 17th May 2019.
 - Members have accorded their approval at the 62nd Annual General Meeting held on 23rd September 2019 by way of Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured, listed or unlisted, Non-Convertible Debentures ("NCDs"), subordinated bonds and /or other debt securities for an amount not exceeding ₹ 750 Crores on private placement basis, during the period of one year commencing from the 62nd Annual General Meeting.
 - Members have accorded their approval through Postal Ballot on 2nd March 2020, by way of Special

Resolution to offer, issue and allot upto 1,47,06,000 Equity Shares at such price, inclusive of premium, aggregating for an amount not exceeding ₹ 25 crores to Promoter Group Companies and other Body Corporate on preferential basis. Based on this, 1,47,05,882 equity shares were issued and allotted at ₹ 17 per share to Promoter Group Companies and other Body Corporate on 13th March 2020. The listing and trading approval were received on 27th May 2020 and 3rd June 2020 respectively from BSE Limited. Consequent to the issue of 1,47,05,882 equity shares, the paid up capital of the Company stands increased to ₹ 79.70 crores from ₹ 65 crores.

- iv. The prospectus for public issue of Secured and Unsecured, Redeemable Non-Convertible Debentures ("NCDs") upto ₹ 100 crores with an option to retain over subscription upto ₹ 100 crores aggregating ₹ 200 crores has been filed and registered with Registrar of Companies, Tamilnadu, Coimbatore on

7th March 2020. Based on this, 10,28,631 numbers of Non-Convertible Debentures of ₹ 1,000 each amounting ₹ 102.86 crores were issued, allotted on to eligible allottees on 8th May 2020 and it has been listed and admitted for trading with BSE Limited with effect from 12th May 2020.

- v. Secured Redeemable Non-Convertible Debentures (Option VI, VII and VIII) allotted under Public Issue Prospectus on 30th March 2016 amounting to ₹ 110.40 crores were redeemed on 18th May 2020.

For S Krishnamurthy & Co
Company Secretaries

R.Sivasubramanian
Partner

Membership No : A22289

Date : 24th August 2020

Certificate of Practice No : 12052

Place : Coimbatore

UDIN : A022289B000608919

Annexure – A to Secretarial Audit Report of even date

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

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2020 is to be read along with this letter.

- The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
- We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
- While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2020 but before the issue of this report.
- We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.

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

For S Krishnamurthy & Co
Company Secretaries

R.Sivasubramanian
Partner

Membership No : A22289

Date : 24th August 2020

Certificate of Practice No : 12052

Place : Coimbatore

UDIN : A022289B000608919

PARTICULARS OF EMPLOYEES
1. Details of remuneration as required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014
A. Ratio of remuneration of each director to the median remuneration of the Company for the financial year 2019-20.

Sl No	Name and Designation of the Director	Remuneration for FY 2019-20 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	1.20	0.39 : 1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	114.19	36.84: 1
3	Sri M Srinivaasan, Director	1.00	0.32:1
4	Dr A Selvakumar, Director	3.20	1.03:1
5	Sri P S Gopalakrishnan, Director	1.60	0.51:1
6	Smt Priya Bhansali, Director	2.00	0.64:1
7	Sri K P Ramakrishnan	2.80	0.90:1
8	Dr S Veluswamy, Director (Finance and Operations)	36.39	11.73:1

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

Sl No	Name and Designation of the Director / Key Managerial Personnel (KMP)	Remuneration for FY 2019-20 (₹ lakh)	% increase in remuneration in FY 2019-20
1	Dr M Manickam, Chairman	1.20	50
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	114.19	(0.38)
3	Sri M Srinivaasan, Director	1.00	(28.57)
4	Dr A Selvakumar, Director	3.20	(15.79)
5	Sri P S Gopalakrishnan, Director	1.60	(20)
6	Smt Priya Bhansali, Director	2.00	25
7	Sri K P Ramakrishnan	2.80	(6.67)
8	Dr S Veluswamy, Director (Finance and Operations)	36.39	13.01
9	Mr S Venkatesh, Company Secretary	17.83	5.19

Note: 1. Sri M K Vijayaraghavan, former Chief Financial Officer ("CFO"), was employed as CFO for only a part of the year and hence not included above.

2. 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 2019-2020.	(6.44)%
b	The number of permanent employees on the rolls of the company as on 31st March 2020.	511
c	Average percentile increase already made in the salaries of employee 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 2019-20 was (6.01)% . Percentage increase in the managerial remuneration for the year was 2.01% .
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. Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014
Particulars of Top 10 Employees in terms of remuneration drawn during the year 2019-20

Sl No	Name of the Employee	Designation of the employee	Remuneration received (₹ lakh)	Qualifications	Total Experience (Years)	Date of commencement of employment	Age (in years)	Last employment held before joining the company
1	Sri M Balasubramaniam	Vice Chairman and Managing Director	114.19	M.Com, MBA (USA)	35	21/08/1985	61	Director, ABT Industries Limited
2	Dr S Veluswamy	Director (Finance and Operations)	36.39	MCom, ACS, Ph.D	39	01/04/1994	61	Asst Company Secretary, Sakthi Sugars Limited
3	Dr K Natesan	President (Operations)	27.59	MA, LLB, MBA, Ph.D	39	03/04/1992	61	Asst Manager (Personnel), Tamilnadu Telecommunications Limited
4	Sri K Guruprasad	Senior Vice President	24.94	BCom, MBA, Grad ICMA (Inter), CAIIB	47	03/05/1996	70	Regional In-charge, State Bank of India
5	Dr G Sundar	Vice President	23.55	MA, MBA, Ph.D	40	20/01/1997	64	Manager, Union Bank of India
6	Sri M Purushothaman	Associate Vice President	22.17	BSc, MBA	37	02/06/2010	61	Head - Strategic Planning, BK Group, Kolkata
7	Dr N Raveendran	Senior General Manager	21.87	BCom, MBA, Ph.D	39	11/06/2009	60	Senior Manager (IT Services), Pricol Limited
8	Sri S Saravanakumar	General Manager (Business Development)	21.16	BBM, MCA	17	05/01/2015	43	Zonal Manager, HDB Financial Services Ltd
9	Sri S Senthil Kumar	Deputy General Manager (Finance and Accounts)	20.66	MCom, MBA, Diploma in Law	36	11/06/2011	61	General Manager (Finance and Admin / Operations) Tarantella Fashions, a unit of TRADITION INTERNATIONAL, UAE
10	Smt R Geetha	Vice President (Strategic Initiatives)	19.13	MBA	29	01/06/2019	52	Sakthifinance Financial Services Limited

Notes:

- the above table is based on payouts made during the year.
- Remuneration 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.
- None of the employees mentioned above is related to any director of the Company except Vice Chairman and Managing Director.
- During the Financial year 2019-20, no employee was in receipt of remuneration in excess of the Managing Director of the Company and held himself or along with his spouse and dependent children two percent or more of the equity shares of the company.
- The appointment of Managing Director is contractual in nature.

INDEPENDENT AUDITORS' REPORT

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

Opinion

1. We have audited the accompanying Ind AS financial statements of Sakthi Finance Limited ("**the Company**"), which comprise the Balance Sheet as at 31st March 2020, 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 Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013 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, 2020, 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 Ind AS 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 Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 2(d) to the accompanying Ind AS Financial statements, which explains the impact of the COVID 19 pandemic and management assessment of the probable material impact on Company's operations and financial metrics, including the non-fulfillment of the obligations by the customers due to lock-down, 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 Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in Audit
<p>5.1 Asset Classification</p> <p>Accuracy in identification and categorization of receivables from financing activities as performing and non-performing assets and in ensuring appropriate asset classification, existence of security, income recognition, provisioning / write off thereof and completeness of disclosure including compliance with applicable guidelines issued by Reserve Bank of India (RBI).</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure correct classification, income recognition and provisioning / write-off including Non-performing assets as per applicable RBI guidelines. The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by Institute of Chartered Accountants of India. Agreements entered into regarding significant transactions including related to Hire Purchase and Pronote Loans have been examined to ensure compliance. We have also reviewed the reports generated from management information systems, audit / inspection reports issued by the internal / secretarial auditors and RBI. The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</p>

<p>5.2 Information Technology System</p> <p>The dependence of Information technology (IT) system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to the financial reporting:</p> <p>Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices.</p> <p>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.</p> <p>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;</p> <p>Understanding updation that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.</p> <p>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.</p>
<p>5.3 Adoption of New Accounting Framework (Ind AS)</p> <p>Effective 1st April 2019, the Company adopted the Indian Accounting Standards notified by the Ministry of Corporate Affairs with the transition date of 1st April 2018.</p> <p>The following are the major impact areas for the Company upon transition:</p> <ul style="list-style-type: none"> • Classification and measurement of financial assets and financial liabilities • Measurement of impairment loss allowance • Accounting for loan fees and costs • Fair Valuation of Property, Plant and Equipment <p>The migration to the new accounting framework Ind AS is a process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes electives and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.</p>	<p>We performed the following key audit procedures:</p> <ul style="list-style-type: none"> • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of electives and exemptions availed in line with the principles under Ind-AS 101 on transition to Ind AS. • Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind-AS 101. • Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101. • Assessed the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.
<p>5.4 Impairment Loss Allowance</p> <p>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 implementation of Expected Credit Loss ("ECL") model starting from 1st April 2018 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.</p>	<ul style="list-style-type: none"> • We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, internal rating model, 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.

<p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> 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. <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the new standard.</p> <p>The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity particularly to the calculation of ECL, we considered this area as a Key Audit Matter.</p>	<p>Based on the above work performed, management's assessment of impairment loss allowance and related disclosure are considered to be reasonable.</p>
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Information Other than the Ind AS 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 information included in the Annual Report but does not include the Ind AS financial statements and our auditor's report thereon.
7. The Annual report is expected to be made available to us after the date of this Auditor's report. Our opinion on the Ind AS 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 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 Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Ind AS 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 Ind AS 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 Accountant 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 Ind AS 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 Ind AS 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 Ind AS financial statements

11. Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.
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 Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS 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.
- Other Matter**
16. The comparative financial information of the Company for the year ended 31st March 2019 and the transition date opening balance sheet as at 1st April 2018, included in these Ind AS Financial Statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules 2006 audited by us, vide our report for the year ended 31st March 2019 and 31st March 2018 dated 29th May 2019 and 30th May 2018 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.
- Report on Other Legal and Regulatory Requirements**
17. 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.
 18. **As required by Section 143 (3) of the Act, we report that:**
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 Ind AS financial statements as referred to Notes to the Ind AS financial statements.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") except for ₹ 500 that has not been transferred to IEPF for the reason described in notes to the Ind AS financial statements.

For P K Nagarajan & Co.,
 Chartered Accountants
 Firm Registration Number : 016676S
 P K Nagarajan
 Partner
 Membership No.025679
 UDIN: 20025679AAAABG1707

Coimbatore
 30.07.2020

The Annexure- 'A' referred to in our Independent Auditors' report to the members of the company on the Ind AS financial statements for the year ended 31st March 2020, we report that:

- 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 Notes to the Ind AS financial statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the company.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- iii. The Company has granted unsecured loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us,
- a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- c) There are no amounts of such loans overdue for more than ninety days.
- iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties covered in section 185 of the Act. The Company has complied with provisions of section 186 of the Act to the extent applicable.
- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Act for the activities of the company.
- vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and 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 ₹ 1338.12 Lakhs that have not been deposited on account of matters pending before appropriate authorities:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Assessing Officer
Finance Act, 1994	Service Tax	1,328.29	Oct 2009 to Sept 2014	High Court of Madras
Total		1,338.12		

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.
- ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of public issue of non-convertible debentures and term loans during the year for the purpose for which those were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act.

The details of such related party transactions have been disclosed in the notes to the Ind AS financial statements as required under the Indian Accounting Standard (Ind AS) 24.

- xiv. During the year under review, the company has made preferential allotment of equity 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
 Partner

Coimbatore
 30.07.2020

Membership No.025679
 UDIN: 20025679AAAABG1707

Annexure – 'B' to the Independent Auditors' report of even date on the Ind AS Financial Statements of Sakthi Finance Limited

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 2020 in conjunction with our audit of the Ind AS 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 Companies Act, 2013.

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks. The procedures selected depend on the auditor's judgment, including the

assessment of the risk of material misstatements of the Ind AS 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 Ind AS 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
 - 1) pertains 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 Ind AS 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
 - 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

Coimbatore
30.07.2020

P K Nagarajan
Partner
Membership No.025679
UDIN: 20025679AAAABG1707

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2020

(₹ Lakhs)				
Particulars	Note	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
ASSETS				
Financial Assets				
Cash and cash equivalents	3	1,112.79	3,359.77	3,764.70
Bank Balances other than cash and cash equivalents	4	469.39	695.04	1,386.66
Receivables				
(i) Trade Receivables	5	237.36	114.81	96.25
(ii) Other Receivables		8.69	6.72	8.54
Loans	6	1,07,046.18	92,654.12	89,471.14
Investments	7	2,659.80	2,783.09	2,558.42
Other Financial assets	8	2,044.27	1,743.13	1,767.27
Non-Financial Assets				
Current tax assets (net)		36.80	50.06	–
Investment Property	9	284.41	289.01	293.61
Property, Plant and Equipment	10 (a)	6,316.65	6,474.52	6,527.16
Right of use assets		1,331.08	1,430.93	1,519.28
Intangible assets under development	10 (b)	15.07	–	68.20
Other Intangible assets	10 (c)	114.95	190.33	157.51
Other non-financial assets	11	323.78	270.45	157.45
Total Assets		1,22,001.22	1,10,061.98	1,07,776.19
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables				
(I) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises		6.87	0.33	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		160.76	185.23	117.89
(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		101.99	251.05	140.08
Debt Securities	13	31,453.32	26,308.25	30,952.98
Borrowings (Other than debt securities)	14	21,218.20	20,793.20	19,481.34
Deposits	15	19,046.38	18,348.07	17,029.53
Sub-Ordinated Liabilities	16	29,216.13	25,825.96	21,884.12
Other financial liabilities	17	1,720.71	1,726.69	1,595.87

BALANCE SHEET AS AT 31ST MARCH 2020 (CONTD...)

(₹ Lakhs)				
Particulars	Note	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Non-Financial Liabilities				
Current tax liabilities (net)		-	-	56.95
Provisions	18	121.73	104.19	174.04
Deferred tax liabilities (net)	19	215.71	376.25	539.26
Other non-financial liabilities	20	91.89	105.29	90.29
EQUITY				
Equity Share Capital	21	6,470.59	5,000.00	5,000.00
Other Equity*	22	12,176.94	11,037.47	10,713.84
Total Liabilities and Equity		<u>1,22,001.22</u>	<u>1,10,061.98</u>	<u>1,07,776.19</u>
The accompanying Notes form an integral part of the financial statements	1-53			
*Refer Statement of Changes in Other Equity for details				

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

P.K.NAGARAJAN
 Partner
 Membership No.025679
 UDIN : 20025679AAAABG1707
 Place : Coimbatore
 Date : 30th July 2020

For and on behalf of the Board

M. BALASUBRAMANIAM
 Vice Chairman and Managing Director
 DIN : 00377053

S. VENKATESH
 Company Secretary
 Membership No. FCS 7012

M. MANICKAM
 Chairman
 DIN : 00102233

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

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020


Since 1955

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2020	For the year ended 31st March 2019
REVENUE FROM OPERATIONS			
Interest Income	23	16,158.72	15,614.06
Rental Income		21.13	24.99
Fees and Commission Income	24	483.89	732.64
Sale of power from Wind Mills	25	208.43	217.66
Recovery of Bad Debts		150.44	215.64
Total Revenue from operations		17,022.61	16,804.99
Other Income	26	0.40	4.80
Total Income		17,023.01	16,809.79
Expenses			
Finance Costs	27	10,109.40	10,026.54
Fees and commission expense		174.25	93.81
Impairment on financial instruments	28	729.44	638.72
Employee Benefits Expense	29	2,633.57	2,466.47
Depreciation and Amortization	30	465.61	438.72
Other expenses	31	1,509.71	1,766.22
Total Expenses		15,621.98	15,430.48
Profit before exceptional items and tax		1,401.03	1,379.31
Exceptional Items		-	-
Profit before tax		1,401.03	1,379.31
Tax Expense:		283.09	421.82
- Current Tax		449.61	583.30
- Deferred Tax		(166.52)	(161.48)
Profit for the year		1,117.94	957.49
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		(22.38)	(26.54)
- Actuarial Changes in Defined benefit obligation		22.82	(6.07)
- Income Tax relating to items that will not be reclassified to profit or loss		(5.98)	1.53
Sub Total (A)		(5.54)	(31.08)
(B) Items that will be reclassified to profit or loss			
Other Comprehensive Income (A+B)		(5.54)	(31.08)
Total Comprehensive Income		1,112.40	926.41
Earnings per Equity Share			
Par Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		2.19	1.85
- Diluted (₹)		2.19	1.85
The accompanying Notes form an integral part of the financial statements	1-53		

As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.:0166765

P.K.NAGARAJAN
Partner
Membership No.025679
UDIN : 20025679AAAABG1707

Place : Coimbatore
Date : 30th July 2020

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
Membership No. FCS 7012

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

SAKTHI FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note No. 21)

	Changes in equity share capital during the year	Balance as at 31st March 2019	Changes in equity share capital during the year- Allotment of equity shares on preferential basis	Balance as at 31st March 2020
	-	5,000.00	1,470.59	6,470.59

B. OTHER EQUITY (Refer Note No. 22)

Particulars	Reserves and Surplus					Items of Other Comprehensive Income			Total
	Statutory Reserve as per section 45-IC of RBI Act 1934	Capital Reserve	Securities Premium	General Reserve	Debt Redemption Reserve ("DRR")	Retained Earnings	Equity Instruments	Actuarial Changes in Defined benefit obligation	
Balance as at 1st April 2018	2,704.65	52.61	801.07	500.00	3,936.00	2,719.51	-	-	10,713.84
Profit / (Loss) for the year	-	-	-	-	-	957.49	-	-	957.49
Dividends	-	-	-	-	-	(602.78)	-	-	(602.78)
Other Comprehensive Income for the year	-	-	-	-	-	-	(26.54)	(4.54)	(31.08)
Transfer from Debt Redemption Reserve to General Reserve	-	-	-	672.25	(672.25)	-	-	-	-
Transfer to Statutory Reserve	239.27	-	-	-	-	(239.27)	-	-	-
Balance as at 31st March 2019	2,943.92	52.61	801.07	1,172.25	3,263.75	2,834.95	(26.54)	(4.54)	11,037.47
Profit / (Loss) for the year	-	-	-	-	-	1,117.94	-	-	1,117.94
Dividends	-	-	-	-	-	(602.78)	-	-	(602.78)
Other Comprehensive Income for the year	-	-	-	-	-	-	(22.38)	16.84	(5.54)
Transfer from Debt Redemption Reserve to General Reserve	-	-	-	3,263.75	(3,263.75)	-	-	-	-
Securities Premium on Preferential Issue of Equity Shares	-	-	1,029.41	-	-	-	-	-	1,029.41
NCD Public Issue Expenses	-	-	(399.56)	-	-	(223.59)	-	-	(399.56)
Transfer to Statutory Reserve	223.59	-	-	-	-	-	-	-	-
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

As per our report attached

For P.K.Nagarajan & Co

Chartered Accountants

Firm Regn. No.:0166765

P.K.NAGARAJAN

Partner

Membership No.025679

UDIN : 20025679AAAAABG1707

Place : Coimbatore

Date : 30th July 2020

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

Membership No. FCS 7012

S. VELUSWAMY

Director (Finance & Operations)

DIN : 05314999

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,401.03	1,379.31
Adjustment to reconcile profit before tax to net cash flows		
Non-cash expenses		
Depreciation and amortisation	465.61	438.72
Impairment on Loan Assets	545.14	337.13
Bad debts and write-offs	170.29	264.64
Remeasurement gain/(loss) on defined benefit plans	22.82	(6.07)
Impairment on investments	2.80	2.70
Impairment on Trade receivables	11.21	34.25
Amortization of fees and Commission on financial liability	174.10	143.60
Income/expenses considered separately		
Income from investing activities	(253.59)	(300.27)
Net gain/loss on derecognition of property, plant and equipment	1.50	(1.47)
Finance costs	10,109.40	10,026.54
Operating profit before working capital changes	12,650.31	12,319.08
Movements in Working Capital:		
Decrease / (increase) in loans	(15,107.49)	(3,784.75)
Decrease / (increase) in Trade receivables	(135.73)	(50.99)
Decrease / (increase) in other financial assets	(301.14)	24.14
Decrease / (increase) in other non-financial assets	(94.37)	(14.34)
Increase / (decrease) in Trade Payables	(17.93)	67.67
Increase / (decrease) in Other Payables	(149.06)	110.97
Increase / (decrease) in other financial liabilities	39.06	135.80
Increase / (decrease) in Lease liabilities	18.31	43.76
Increase / (decrease) in other non-financial liabilities	(13.40)	15.00
Increase / (decrease) in Provisions	17.55	(69.85)
Cash used in operations	(15,744.20)	(3,522.59)
Income taxes paid (net of refunds)	(436.35)	(690.31)
Interest received on Bank deposits	21.19	81.22
Finance costs paid	(10,070.99)	(9,986.93)
Net Cash flows from / (used in) Operating Activities (A)	(13,580.04)	(1,799.53)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(100.39)	(211.45)
Purchase of investments at amortised cost	(51.88)	(389.91)
Proceeds from sale of investments at amortised cost	150.00	136.00
Proceeds from sale of property, plant and equipment and intangible assets	0.90	2.55
Interest income received from investment at amortised cost	232.40	219.05
Increase in earmarked balances with banks	225.65	691.62
Net cash flows from / (used in) Investing Activities (B)	456.68	447.86

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020 (CONTD...)

(₹ Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	2,500.00	-
Issue expense of Debt Securities	(358.51)	(98.65)
Proceeds from borrowings through Debt Securities	11,681.70	4,528.00
Repayment of borrowings through Debt Securities	(6,580.16)	(9,194.98)
Proceeds from borrowings through Deposits	4,461.38	3,528.57
Repayment of borrowings through Deposits	(3,846.90)	(2,292.39)
Proceeds from borrowings other than Debt Securities	5,500.00	1,221.91
Repayment of borrowings other than Debt Securities	(4,580.66)	(4,375.94)
Proceeds from borrowings through Sub-Ordinated Liabilities	14,496.80	12,858.60
Repayment of borrowings through Sub-Ordinated Liabilities	(11,153.37)	(8,955.74)
(Increase) / decrease in loan repayable on demand	(494.37)	4,465.89
Lease liability paid	(146.75)	(135.75)
Dividend paid (including tax)	(602.78)	(602.78)
Net cash flows from Financing Activities (C)	10,876.38	946.74
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,246.98)	(404.93)
Cash and cash equivalents at the beginning of the year	3,359.77	3,764.70
Cash and cash equivalents at the end of the year	1,112.79	3,359.77
Net cash provided by / (used in) Operating Activities includes:		
Interest received	15,905.13	11,623.90
Interest paid	(10,070.99)	(9,986.93)
Net cash provided by / (used in) operating activities	5,834.14	1,636.97
Cash and cash equivalents at the end of the years:		
i) Cash in hand	38.58	1,004.97
ii) Cheques on hand	977.21	2,050.30
iii) Balances with banks (of the nature of cash and cash equivalents)	97.00	304.50
Total	1,112.79	3,359.77

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

P.K.NAGARAJAN
 Partner
 Membership No.025679
 UDIN : 20025679AAAABG1707

Place : Coimbatore
 Date : 30th July 2020

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
 Membership No. FCS 7012

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 July, 2020 authorised the issue of Financial statements of the Company for the year ended 31st March, 2020.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared for the first time 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/2019-20/170D 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 for the previous year ended 31st March 2019 which was previously prepared in accordance with the accounting standards notified under Section 133 of the Companies Act 2013, read together with para 7 of the Companies (Accounts) Rules 2014 (herein after referred to as "Previous GAAP") have been restated as per Ind AS to provide comparability. The date of transition to Ind AS being 1st April 2018, the financial statements for the year ended 31st March 2018 prepared under Previous GAAP has now been restated as per Ind AS as on 1st April 2018.

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.

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 recognised 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 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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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

Corona Virus spread has led to lock down at national level in the month of March to May 2020. This affected the loan disbursal and collections during that period. The full impact of Covid 19 on the performance will be known after few more months only. To help the borrowers during lock down RBI announced moratorium benefits to the borrowers for installments falling due in between March 2020 to August 2020. The details of moratorium benefits extended by the company is furnished in Note 50.4 of this report.

e. Financial Instruments

i. Initial Recognition

Financial assets and Financial Liabilities are initially recognised 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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 **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 for the financial years 2019-20 and 2018-19.

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 the 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 the 12 months after the reporting date.

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 & 3. The Company provides 12-month ECL for Stage 1 assets.

Stage 2:

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

Stage 3:

90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

f. Fair Value Measurement

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

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

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

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

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

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

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

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

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

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

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

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

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

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 a 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 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 derecognised.

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 No. 9 Fair value are 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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 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 realisation.

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

ii. Dividend Income

Dividend income on equity shares is recognised 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 to be received.

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 has been determined based on the primary economic environment in which the Company 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 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.

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 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,

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 recognised 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.

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 on 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 recognised.

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 2020

v. First time Adoption of Ind AS (Ind AS 101)

These financial statements, for the year ended 31st March 2020 are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2019, the Company prepared its financial statements in accordance with the previous GAAP. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2020, together with the comparative period information as at and for the year ended 31st March 2019.

In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1st April 2018 and the financial statements as at and for the year ended 31st March 2019. Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions.

Exception to retrospective application applied by the Company

Estimates

The estimates made in accordance with Ind AS as at 1st April 2018 and 31st March 2019 is consistent with those made for the same dates as per Indian GAAP apart from the items where application of Indian GAAP did not require estimation which includes:

- i. Classification of financial assets based on the business model and SPPI Test
- ii. Classification of preference shares as financial liability at Amortised cost
- iii. Impairment of financial assets based on expected credit loss model.

De-recognition of Financial Assets and Financial Liabilities

The Company has applied the requirements of de-recognition of financial assets and financial liabilities as per Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of Financial Assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances exist at the date of transition to Ind AS.

Impairment of Financial Asset

The Company has applied the impairment requirements of Ind As 109 retrospectively, however,

as permitted by Ind As 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

Exemption availed

Deemed cost for Property, Plant and Equipment and Intangible Assets

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.

Leases

The Company had assessed whether the contracts existing as on the date of transition contains a lease and has classified those leases as operating lease on the basis of facts and circumstances existing at that date.

The Company measured the lease liability at the present value of remaining lease payments discounted using Company's incremental borrowing rate at the date of transition. Right of Use Asset at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the Balance Sheet immediately before 1st April 2018.

The Company had applied Ind AS 116 in modified retrospective approach subject to the following practical expedients:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The lease rental with lease term ends within 12 months of the date of transition to Ind AS are accounted on straight line basis.
- Leases for which the underlying asset is of low value are recognised as expense as and when incurred.
- The Company has used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Designation of Previously Recognised Financial Instruments

The Company had designated the investment in equity instruments at FVTOCI in accordance with requirements of Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

Uncertainty over income tax treatments

The Company has elected not to reflect the application of requirements of Uncertainty over Income Tax Treatments to Ind AS 12 in comparative information in the Ind AS Financial Statements.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
3. CASH AND CASH EQUIVALENTS			
Cash on hand	38.58	1,004.97	839.68
Balance with Banks in Current Accounts	97.00	304.50	854.42
Cheques, drafts on hand	977.21	2,050.30	2,070.60
Total	1,112.79	3,359.77	3,764.70
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS			
Earmarked Balances with Banks :			
- Unpaid Dividend Accounts	56.39	57.04	165.71
Term Deposits with Banks :			
- Free	-	375.00	959.95
- Under Lien #	413.00	263.00	261.00
Total	469.39	695.04	1,386.66

Details of Term deposits under lien

Particulars	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	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)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquidity Ratio	413.00	11.88	263.00	11.33	261.00	11.39
Total	413.00	11.88	263.00	11.33	261.00	11.39

5. RECEIVABLES
(i) Trade Receivables
Considered good - Unsecured

Dues from sale of Wind Power	310.22	176.46	123.65
Less: Impairment Loss Allowance	(72.86)	(61.65)	(27.40)
Total	237.36	114.81	96.25

(ii) Other Receivables
Considered good - Unsecured

Rent Receivables	8.69	6.72	8.54
Total	8.69	6.72	8.54

There is no 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#	1,08,363.51	93,596.61	90,264.69
Loans repayable on Demand	1,315.22	1,210.52	987.45
Other Loans ##	358.98	342.30	358.70
Total (Gross)	1,10,037.71	95,149.43	91,610.84
Less: Impairment Loss Allowance	(2,991.53)	(2,495.31)	(2,139.70)
Total (Net)	1,07,046.18	92,654.12	89,471.14

(B) (i) Secured by Tangible Assets
(ii) Secured by Intangible Assets
(iii) Covered by Bank / Govt. Guarantee

(iv) Unsecured	1,674.20	1,552.82	1,345.63
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Total (Gross)	1,10,037.71	95,149.43	91,610.84
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Less: Impairment Loss Allowance	(2,991.53)	(2,495.31)	(2,139.70)
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Total (Net)	1,07,046.18	92,654.12	89,471.14
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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	(₹ Lakhs)		
	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
(C) (i) Loans in India			
(a) Public Sector	-	-	-
(b) Others	1,10,037.71	95,149.43	91,610.84
Total (Gross)	1,10,037.71	95,149.43	91,610.84
Less: Impairment Loss Allowance	(2,991.53)	(2,495.31)	(2,139.70)
Total (Net) - C (i)	1,07,046.18	92,654.12	89,471.14
(ii) Loans Outside India	-	-	-
Less: Impairment Loss Allowance	-	-	-
Total (Net) - C (ii)	-	-	-
Total (Net) - C (i+ ii)	1,07,046.18	92,654.12	89,471.14

* There is no loan assets measured at FVTOCI or FVTPL or designated at FVTPL

Includes Repossessed Assets ## Includes Staff Loans and Loans against deposits

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	2,581.07	2,681.99	2,430.77
Total (A)			2,581.07	2,681.99	2,430.77

At Fair value through Other Comprehensive Income
Investments in Equity Instruments
Quoted - Associates

Sakthi Sugars Limited	5,52,833	10	40.36	62.73	89.28
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Quoted - Others

Stiles India Limited	100	10	-	-	-
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Total (B)			40.36	62.73	89.28
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At Cost
Investments in Equity Instruments
Unquoted - Associates

ABT Industries Limited	1,50,000	10	15.00	15.00	15.00
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ABT Foods Agrovvet Limited					
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(Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50	12.50
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Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00	3.00
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Sri Bhagavathi Textiles Limited	5	100	0.04	0.04	0.04
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Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82	7.82
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Unquoted - Others

ABT Co-operative Stores Limited	500	10	0.05	0.05	0.05
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Chokhani International Limited	100	10	0.02	0.02	0.02
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Total (C)			38.43	38.43	38.43
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Total (Gross) - (A+B+C)			2,659.86	2,783.15	2,558.48
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(i) Investments Outside India			-	-	-
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(ii) Investments In India			2,659.86	2,783.15	2,558.48
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Total			2,659.86	2,783.15	2,558.48
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Less: Impairment Loss Allowance			0.06	0.06	0.06
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Total (Net)			2,659.80	2,783.09	2,558.42
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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, trustee representing the public deposit holders of the company.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
8. OTHER FINANCIAL ASSETS			
- Interest accrued on Government Securities	56.69	55.71	44.66
- Interest accrued on Term Deposits			
- Free	-	24.41	40.13
- Under Lien (Refer Note 4)	11.88	11.33	11.39
- Security Deposits	65.32	63.62	40.59
- Other Loans and Advances	1,896.74	1,573.92	1,599.70
- Advance to Employees	13.64	14.14	30.80
Total	2,044.27	1,743.13	1,767.27

9. a) INVESTMENT PROPERTY

Particulars	Land	Building	Total
Deemed Cost as at 1st April 2018	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2019	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2020	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2018	-	-	-
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 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
Net Carrying amount			
As at 1st April 2018	66.87	226.74	293.61
As at 31st March 2019	66.87	222.14	289.01
As at 31st March 2020	66.87	217.54	284.41
Useful Life of the Asset (in years)	-	60	-

9. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Rental Income - Building	21.13	24.99
Direct operating expenses on properties generating rental income	2.13	1.17

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 Rs in lakhs	Sensitivity Rs in lakhs
Sensitivity analysis						
Investment Property As at March 31, 2020	Professional valuer	Price per Sq.foot	Rs.2,500 - 5,000 per Sq.foot	5%	370	19
Investment Property As at March 31, 2019	Professional valuer	Price per Sq.foot	Rs.2,500 - 5,000 per Sq.foot	5%	359	18
Investment Property As at April 01, 2018	Professional valuer	Price per Sq.foot	Rs.2,500 - 5,000 per Sq.foot	5%	349	17

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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
Deemed Cost as at 1st April 2018	2,764.91	1,697.37	73.46	1,615.39	221.89	77.89	76.25	6,527.16
Additions	-	15.27	12.45	-	86.44	20.98	40.29	175.43
Deductions	-	-	-	-	-	1.08	-	1.08
Carrying Amount as at 31st March 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
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2018	-	-	-	-	-	-	-	-
Depreciation for the year	-	52.88	6.93	104.57	28.94	12.98	20.69	226.99
Depreciation on deductions	-	-	-	-	-	-	-	-
Balance as at 31st March 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
Net Carrying amount								
As at 1st April 2018	2,764.91	1,697.37	73.46	1,615.39	221.89	77.89	76.25	6,527.16
As at 31st March 2019	2,764.91	1,659.76	78.98	1,510.82	279.39	84.81	95.85	6,474.52
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
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 2020 (Refer Note 13 & 14)

As at 1st April 2018	427.29	1,515.86	-	1,615.39	-	-	-	3,558.54
As at 31st March 2019	427.29	1,478.19	-	1,510.82	-	-	-	3,416.30
As at 31st March 2020	427.29	1,428.80	-	1,406.25	-	-	-	3,262.34

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
10 (b) Intangible Assets under development

(₹ Lakhs)

Particulars	Amount
Deemed Cost as at 1st April 2018	68.20
Additions	–
Deductions	68.20
Carrying Amount as at 31st March 2019	–
Additions	15.07
Deductions	–
Carrying Amount as at 31st March 2020	15.07

10 (c) Other Intangible Assets - Computer Software

Particulars	Amount
Deemed Cost as at 1st April 2018	157.51
Additions	104.22
Deductions	–
Carrying Amount as at 31st March 2019	261.73
Additions	1.88
Deductions	–
Carrying Amount as at 31st March 2020	263.61
Accumulated amortisation and impairment	
Balance as at 1st April 2018	–
Depreciation for the year	71.40
Depreciation on deductions	–
Balance as at 31st March 2019	71.40
Depreciation for the year	77.26
Depreciation on deductions	–
Balance as at 31st March 2020	148.66
Net Carrying amount	
As at 1st April 2018	157.51
As at 31st March 2019	190.33
As at 31st March 2020	114.95
Useful Life of the Asset (in years)	6

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
(₹ Lakhs)			
11. OTHER NON-FINANCIAL ASSETS			
Considered good - Unsecured :			
- Prepaid Expenses	112.64	100.68	46.63
- GST Input Tax Credit (Refer Note 2 (p))	143.34	62.64	100.51
- Debenture Issue Expenses	57.60	98.65	-
- Others	10.20	8.48	10.31
Total	323.78	270.45	157.45
LIABILITIES AND EQUITY			
12. PAYABLES			
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises	6.87	0.33	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	160.76	185.23	117.89
(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	101.99	251.05	140.08
Total	269.62	436.61	257.97
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	6.87	0.33	-
- 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	-	-	-
	6.87	0.33	-
13. DEBT SECURITIES			
At Amortised Cost			
Non-Convertible Debentures - Secured	31,453.32	23,807.33	28,452.05
Non-Convertible Debentures - Unsecured	-	2,500.92	2,500.93
Total	31,453.32	26,308.25	30,952.98
Debt Securities in India	31,453.32	26,308.25	30,952.98
Debt Securities outside India	-	-	-
Total	31,453.32	26,308.25	30,952.98

Note: i. There are 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 carrying value of ₹ 30,772.56 lakhs (31st March 2020), ₹ 24,582.59 lakhs (31st March 2019) and ₹ 29,456.12 lakhs (1st April 2018).

iii. For Debt securities subscribed by the related parties Refer Note 42.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
Details of Non-Convertible Debentures - Secured :

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
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	716.00	377.00
Maturing between 1 to 2 years	-	1,310.00	716.00
Maturing between 2 to 3 years	-	-	1,310.00
Interest Range 10% to 11%			
Maturing within 1 year	-	928.23	804.30
Maturing between 1 to 2 years	-	-	928.23
Interest Range 11% to 12%			
Maturing within 1 year	-	-	515.97
Sub-Total A (i)	1,310.00	2,954.23	4,651.50
(ii) Issued on private placement basis - Face Value of ₹ 1000			
- Repayable on maturity:			
Interest Range 9% to 10%			
Maturing within 1 year	2,443.50	1,029.00	45.00
Maturing between 1 to 2 years	3,659.00	1,455.00	190.00
Maturing between 2 to 3 years	2,804.50	3,165.50	932.50
Sub-Total A (ii)	8,907.00	5,649.50	1,167.50
TOTAL A (i+ii)	10,217.00	8,603.73	5,819.00
Add : Interest accrued but not due	364.37	324.58	232.19
Less: unamortized charges	54.82	54.81	30.38
Total Amortized Cost (A)	10,526.55	8,873.50	6,020.81
B) Public Issue - Face Value of ₹ 1000			
Repayable on maturity:			
Interest Range 9% to 10%			
Maturing within 1 year			
Maturing between 1 year to 2 years	1,991.39	-	-
Maturing between 2 years to 3 years	1,661.32	-	-
Maturing between 3 years to 4 years	3,742.49	-	-
Interest Range 10% to 11%			
Maturing within 1 year	11,040.05	2,014.94	3,432.09
Maturing between 1 year to 2 years	-	11,040.05	2,014.94
Maturing between 2 years to 3 years	-	-	11,040.05
Interest Range 11% to 12%			
Maturing between 1 year to 2 years	-	-	3,647.90
Sub-Total (B)	18,435.25	13,054.99	20,134.98
Add : Interest accrued but not due	2,491.52	1,878.84	2,296.26
Less: unamortized charges	-	-	-
Total Amortized Cost (B)	20,926.77	14,933.83	22,431.24
Total Amortized Cost (A+B)	31,453.32	23,807.33	28,452.05
C) Non-Convertible Debentures - Unsecured :			
Senior Unsecured NCD			
Repayable on maturity:			
Interest Range 13% to 14%			
Maturing between 3 years to 4 years	-	2,500.00	-
Maturing between 4 years to 5 years	-	-	2,500.00
Sub-Total (C)	-	2,500.00	2,500.00
Add : Interest accrued but not due	-	0.92	0.93
Total Amortized Cost (C)	-	2,500.92	2,500.93
Total Amortized Cost (A+B+C)	31,453.32	26,308.25	30,952.98

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
14. BORROWINGS (OTHER THAN DEBT SECURITIES)			
At amortized cost			
Term Loan - Secured			
- From Banks	1,601.00	1,948.49	3,735.91
- From Other Lenders	5,077.19	3,810.36	5,176.99
Loan Repayable on Demand			
- Cash Credit Facilities from Banks	14,540.01	15,034.35	10,568.44
Total	21,218.20	20,793.20	19,481.34
Borrowings in India	21,218.20	20,793.20	19,481.34
Borrowings outside India	-	-	-
Total	21,218.20	20,793.20	19,481.34

There is no borrowings measured at FVTPL or designated at FVTPL.

a) Term loans from Banks are secured as under :
i) The Lakshmi Vilas Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commence-ment date	End date					
1	3,000.00	11.55%	31.10.2016	30.09.2019	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	507.14	1,521.43
Add : Interest accrued but not due							-	5.98	-
Less: unamortized charges							-	6.00	18.00
Total Amortized Cost							-	507.12	1,503.43

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 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 01.04.2018
			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	1,418.92	2,229.73
Add : Interest accrued but not due							2.88	6.73	10.55
Less: unamortized charges							2.13	4.97	7.80
Total Amortized Cost							608.86	1,420.68	2,232.48

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
iii) 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 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	6,50.00	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	634.61	-	-
2	3,50.00	12.00%	04.03.2020	04.06.2023	3 Mths		340.22	-	-
Add : Interest accrued but not due							8.65	-	-
Less: unamortized charges							4.73	-	-
Total Amortized Cost							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 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	19.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta GX Car	13.39	20.69	-
Add : Interest accrued but not due							-	-	-
Less: unamortized charges							-	-	-
Total Amortized Cost							13.39	20.69	-

b) Term loans from other Lenders are secured as under:
i) Sundaram Finance Ltd

Sl N.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			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	537.76	853.18
Add : Interest accrued but not due							1.11	3.17	5.03
Less: unamortized charges							-	-	-
Total Amortized Cost							189.62	540.93	858.21

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

(₹ Lakhs)

Sl No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	1,000.00	13.50%	14.04.2016	14.09.2018	6 Mths	Hypothecation of specified	-	-	228.25
2	395.00	13.50%	12.05.2016	12.10.2018	6 Mths	Hire Purchase receivables	-	-	104.36
3	730.00	13.50%	19.09.2016	19.02.2019	6 Mths	and personal guarantee by a director	-	-	296.42
4	330.00	12.90%	24.10.2016	25.03.2019	6 Mths		-	-	144.69
5	170.00	12.90%	22.11.2016	22.04.2019	6 Mths		-	6.44	80.23
6	1,500.00	14.00%	06.04.2020	07.03.2022	-		1,500.00	-	-
Add : Interest accrued but not due							14.38	0.02	4.46
Less: unamortized charges							19.84	-	-
Total Amortized Cost							1,494.54	6.46	858.41

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 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	1,500.00	12.50%	07.02.2015	07.04.2018	-	Hypothecation of specified	-	-	46.44
2	250.00	12.50%	07.04.2015	07.06.2018	-	Hire Purchase receivables	-	-	23.08
3	2,600.00	10.71%	07.05.2017	07.04.2020	-	and personal guarantee by a director	84.28	1,039.08	1,897.17
4	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths		509.79	1,013.98	1,469.35
Add : Interest accrued but not due							4.22	14.49	24.33
Less: unamortized charges							-	-	-
Total Amortized Cost							598.29	2,067.55	3,460.37

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 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	1,000.00 *	12.50%	27.03.2019	26.03.2020	-	Hypothecation of specified	-	1,000.00	-
2	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hire Purchase receivables	1,773.86	-	-
3	1,000.00	13.00%	05.05.2020	05.04.2023	-		1,000.00	-	-
Add : Interest accrued but not due							16.43	2.05	-
Less: unamortized charges							13.33	4.93	-
Total Amortized Cost							2,776.96	997.12	-

* Floating balance working capital loan closed on 26.03.2020

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
v) Profectus Capital (P) Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2020	Amount outstanding as on 31.03.2019	Amount outstanding as on 1.04.2018
			Commencement date	End date					
1	200.00	13.00%	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables	17.67	200.00	-
Add : Interest accrued but not due							0.11	0.28	-
Less: unamortized charges							-	1.98	-
Total Amortized Cost							17.78	198.30	-

c) loans repayable on demand - Cash credit facilities with banks (secured)

From the Balance Sheet date	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	10.55% to 12.80%	14,432.38	11.00% to 12.50%	15,028.40	10.50% to 12.00%	10,591.42
Add : Interest accrued but not due		125.96		40.40		41.31
Less: unamortized charges		18.33		34.45		64.29
Total Amortized Cost		14,540.01		15,034.35		10,568.44

The Cash Credit facilities from Banks are secured by hypothecation of specified hirepurchase 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 2020	As at 31st March 2019	As at 1st April 2018
15. DEPOSITS (UNSECURED)			
At amortized cost			
Public Deposits	19,046.38	18,348.07	17,029.53
Total	19,046.38	18,348.07	17,029.53

There is no Deposits measured at FVTPL or designated at FVTPL.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
Details of Deposits - Unsecured :

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Repayable on maturity:			
Interest Range 8% to 9%			
Maturing within 1 year	8,322.06	6,058.49	3,388.33
Maturing between 1 to 2 years	7,064.93	6,304.29	3,961.27
Maturing between 2 to 3 years	2,580.74	3,019.28	3,178.34
Interest Range 9% to 10%			
Maturing within 1 year	-	1,890.32	1,670.50
Maturing between 1 to 2 years	-	-	1,923.58
Interest Range 10% to 11%			
Maturing within 1 year	-	-	1,900.43
Sub Total	17,967.73	17,272.38	16,022.45
Add : Interest accrued but not due	1,171.20	1,162.57	1,091.06
Less: unamortized charges	92.55	86.88	83.98
Total Amortized Cost	19,046.38	18,348.07	17,029.53

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
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16. SUB-ORDINATED LIABILITIES (UNSECURED)
At amortized cost

Non-Convertible Debentures - Unsecured	4,577.35	-	-
Redeemable Cumulative Preference Shares (RCPS)	1,630.10	1,656.11	1,129.12
Sub-Ordinated Debts	23,008.68	24,169.85	20,755.00
Total	29,216.13	25,825.96	21,884.12
Sub-Ordinated Liabilities in India	29,216.13	25,825.96	21,884.12
Sub-Ordinated Liabilities outside India	-	-	-
Total	29,216.13	25,825.96	21,884.12

Note: There is no Sub-Ordinated liabilities measured at FVTPL 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 2020, the Company declared and paid an interim dividend of ₹ 129.65 lakhs after deduction of TDS of ₹ 5.35 lakhs) on RCPS of ₹ 100 each fully paid (31 March 2019 : ₹ 166.02 lakh).

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
Details of Sub-Ordinated Liabilities - Unsecured :

(₹ Lakhs)

From the Balance sheet date	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A) Non-Convertible Debentures - Unsecured :			
Issued on Public Issue			
Repayable on maturity:			
Interest Range 10% to 11%			
Maturing between 4 years to 5 years	4,374.80	-	-
Sub-Total (A)	4,374.80	-	-
B) Preference Shares			
Repayable on maturity:			
10% Redeemable Cumulative Preference Shares			
Maturing within 1 year	-	-	302.45
9% Redeemable Cumulative Preference Shares			
Maturing within 1 year	835.00	-	-
Maturing between 1 years to 2 years	665.00	835.00	-
Maturing between 2 years to 3 years	-	665.00	835.00
Sub Total (B)	1,500.00	1,500.00	1,137.45
C) Sub-Ordinated Debts			
- Repayable on maturity:			
Interest Range 10% to 11%			
Maturing between 3 to 4 years	9,914.40	-	-
Maturing between 4 to 5 years	12,221.80	9,914.40	-
Maturing after 5 years	179.40	2,279.20	-
Interest Range 11% to 12%			
Maturing within 1 year	-	9,094.39	7,485.88
Maturing between 1 years to 2 years	-	-	9,092.39
Sub Total (C)	22,315.60	21,287.99	16,578.27
Sub-Total (A+B+C)	28,190.40	22,787.99	17,715.72
Add : Interest accrued but not due			
A) Non-Convertible Debentures - Unsecured	202.55	-	-
B) Preference Shares	135.00	166.01	-
C) Sub-Ordinated Debts	876.67	3,005.97	4,212.80
Less: Unamortized charges			
A) Non-Convertible Debentures - Unsecured	-	-	-
A) Preference Shares	4.89	9.90	8.33
B) Sub-Ordinated Debts	183.60	124.11	36.07
Total amortized cost	29,216.13	25,825.96	21,884.12

Sub-Ordinated Liabilities subscribed by related parties refer Note 42

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
17. OTHER FINANCIAL LIABILITIES			
Unclaimed dividends (Refer Note below)	56.31	56.94	165.71
Unclaimed matured deposits and Interest accrued thereon	598.66	362.71	318.93
Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	252.79	562.38	-
Unclaimed matured debentures and Interest accrued thereon	100.73	116.89	285.26
Unclaimed Redeemable Cumulative Preference Shares	3.00	12.00	213.75
Advances from Customers	254.64	103.69	75.27
Security Deposits	11.41	11.41	11.41
Lease Liabilities (Refer Note 49)	443.17	488.21	493.19
Other Payables	-	12.46	32.35
Total	1,720.71	1,726.69	1,595.87
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, awaiting clearance from Income Tax authorities.			
18. PROVISIONS			
Provision for Employee Benefits			
Provision for bonus	44.00	20.46	56.58
Provision for gratuity (net)	28.71	38.28	75.27
Provision for leave encashment	49.02	45.45	42.19
Total	121.73	104.19	174.04
19. DEFERRED TAX LIABILITIES (net)			
a. Application of Expected Credit Loss on Financial Assets	(663.41)	(559.36)	(565.26)
b. Employee benefit expenses	(30.64)	(5.15)	(16.48)
c. Right of Use Assets and Lease Liabilities	(6.27)	(2.05)	10.00
d. Application of EIR on Financial Liabilities	99.22	82.56	72.46
e. Differences in Carrying amount of Property, Plant and Equipment	816.81	860.25	1,038.54
Total	215.71	376.25	539.26
20. OTHER NON-FINANCIAL LIABILITIES			
Tax Deducted at source	91.89	105.29	90.29
Total	91.89	105.29	90.29
21. SHARE CAPITAL			
Authorised Share Capital			
10,00,00,000 Equity shares of Rs.10 each (FY 2019 : 10,00,00,000, FY 2018 : 7,00,00,000 : Equity Shares of ₹ 10 each)	10,000.00	10,000.00	7,000.00
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00	3,000.00
	13,000.00	13,000.00	10,000.00
Issued, Subscribed and Paid up Share capital			
6,47,05,882 Equity shares of Rs.10 each fully paid up (FY 2019 : 5,00,00,000, FY 2018 : 5,00,00,000 : Equity Shares of ₹ 10 each)	6,470.59	5,000.00	5,000.00
	6,470.59	5,000.00	5,000.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
a) Reconciliation of shares outstanding at the beginning and end of the year

(₹ Lakhs)

Particulars	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights						
Number of Shares at the beginning of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00	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 Shares at the end of the year	6,47,05,882	6,470.59	5,00,00,000	5,000.00	5,00,00,000	5,000.00

b) Details of shareholders holding more than 5% shares in the sharecapital of the company

Particulars	As at 31st March 2020		As at 31st March 2019		As at 1st April 2018	
	% of Holding	No. of Shares	% 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	16.22	81,10,000	16.22	81,10,000
2. ABT Investments (India) Private Limited	13.49	87,27,400	17.45	87,27,400	17.45	87,27,400
3. Sakthi Financial Services (Cochin) Private Limited	11.06	71,57,128	6.82	34,11,246	6.82	34,11,246
4. Avdhoot Finance and Investment Private Limited	8.69	56,24,208	11.25	56,24,208	11.25	56,24,208
5. Sakthi Management Services (Coimbatore) Limited	7.09	45,85,434	2.27	11,35,434	2.27	11,35,434
6. Bridgewater Investment Corporation Limited	6.88	44,50,000	8.90	44,50,000	8.90	44,50,000
7. The Gounder and Company Auto Limited	6.07	39,25,000	7.85	39,25,000	7.85	39,25,000
8. ABT Finance Limited	5.15	33,31,162	0.26	1,31,162	0.26	1,31,162

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 30 July 2020, recommended a dividend of 6 per cent, ₹ 0.60 per share (Dividend for 31st March 2019 : ₹ 1) 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	31 March 2020	31st March 2019
Face Value per share (Rs.)	10.00	10.00
Dividend Percentage	6%	10%
Dividend per Share (Rs.)	0.60	1.00
Dividend on equity shares	388.24	500.00
Dividend distribution tax	-	102.78
Total Dividend including dividend distribution tax	388.24	602.78

Note : The dividends proposed for the financial year 31st March 2019 have been paid to share holders in the subsequent financial year and accounted on payment basis on approval of the members of the company at relevant Annual General Meeting. The dividends proposed for the financial year 31st March 2020 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 2020

Particulars	(₹ Lakhs)		
	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
22. OTHER EQUITY			
Reserves and Surplus			
Statutory Reserve as per Section 45IC of the RBI Act 1934			
Opening Balance	2,943.92	2,704.65	2,466.12
Add : Transfer from Retained Earnings	223.59	239.27	238.53
Closing balance	<u>3,167.51</u>	<u>2,943.92</u>	<u>2,704.65</u>
Capital Reserve			
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>	<u>52.61</u>
Securities Premium			
Opening Balance	801.07	801.07	801.07
Add : Securities Premium on Preferential Issue of Equity Shares	1,029.41	-	-
Less : NCD Public issue expenses	399.56	-	-
Closing Balance	<u>1,430.92</u>	<u>801.07</u>	<u>801.07</u>
General Reserve			
Opening Balance	1,172.25	500.00	1,500.00
Add : Transfer from Debeture Redemption Reserve	3,263.75	672.25	-
Less : Transfer to Retained Earnings	-	-	1,000.00
Closing Balance	<u>4,436.00</u>	<u>1,172.25</u>	<u>500.00</u>
Debenture Redemption Reserve			
Opening Balance	3,263.75	3,936.00	2,603.00
Add : Transfer from Retained Earnings	-	-	1,333.00
Less : Transfer to General Reserve	3,263.75	672.25	-
Closing Balance	<u>-</u>	<u>3,263.75</u>	<u>3,936.00</u>
Retained Earnings			
Opening Balance	2,834.95	2,719.51	2,790.10
Add : Profit after tax for the year	1,117.94	957.49	1,102.74
Transfer from General Reserve	-	-	1,000.00
	<u>3,952.89</u>	<u>3,677.00</u>	<u>4,892.84</u>
Less: Appropriations			
Equity Dividend (₹ 1 per share) paid	500.00	500.00	500.00
Tax on Dividend-Equity Shares	102.78	102.78	101.80
Transfer to Statutory Reserve	223.59	239.27	238.53
Transfer to Debenture Redemption Reserve	-	-	1,333.00
Closing Surplus	<u>3,126.52</u>	<u>2,834.95</u>	<u>2,719.51</u>
Item of Other Comprehensive Income ("OCI")			
(i) Fair value changes in Equity Instruments			
Opening Balance	(26.54)	-	-
Add : Income/(Expenses) for the year	(22.38)	(26.54)	-
Closing Balance	<u>(48.92)</u>	<u>(26.54)</u>	<u>-</u>
(ii) Actuarial changes in Defined benefit obligation			
Opening Balance	(4.54)	-	-
Add : Income/(Expenses) for the year	16.84	(4.54)	-
Closing Balance	<u>12.30</u>	<u>(4.54)</u>	<u>-</u>
Closing Balance (i) + (ii)	<u>(36.62)</u>	<u>(31.08)</u>	<u>-</u>
Total	<u>12,176.94</u>	<u>11,037.47</u>	<u>10,713.84</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 have been written off against Securities Premium.

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:

- a. The Company is required to transfer 25% of the value of the outstanding debentures issued through public issue to Debenture Redemption Reserve ("DRR").
- b. As per the Notification No.G.S.R. 574(E) dated 16 August 2019 issued by the Ministry of Corporate Affairs which has amended the Companies (Share Capital and Debentures) Rules 2014, no DRR is required to be created for debentures issued by a Non-Banking Finance Company ("NBFC") subsequent to the notification date. Accordingly, the Company has not created DRR on public issue of non-convertible debentures issued after the date of said notification.
- c. In respect of the debentures issued through public issue, the Company has created DRR of ₹ Nil (March 31, 2019: ₹ 3263.75 Lakhs).
- d. On redemption of the debentures for which the DRR, is created, the amounts no longer necessary to be retained in this account need to be transferred to the retained earnings.
- e. During the year, the balance amount standing to the DRR which is no longer required to be created, has been transferred to retained earnings.

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, dividends 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 2020

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
(₹ Lakhs)		
23. INTEREST INCOME		
(On Financial instruments measured at amortised cost)		
Income from Hire purchase operations	15,521.70	14,874.64
Interest from:		
- Loans	383.43	439.15
- Bank deposits	21.19	81.22
- Investments	232.40	219.05
Total	16,158.72	15,614.06
There is no income on Financial Instruments measured at FVTOCI		
24. FEES AND COMMISSION		
- Service Charges	381.66	576.21
- Stamp and documentation charges	102.23	156.43
	483.89	732.64
25. SALE OF POWER FROM WIND MILLS		
Income from Wind mill -Sale of Electricity	208.43	217.66
	208.43	217.66
26. OTHER INCOME		
- Profit on sale of Property, Plant and Equipment	0.00	1.47
- Miscellaneous income	0.40	3.33
Total	0.40	4.80
27. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
Interest Expense on:		
- Deposits	1,640.61	1,582.63
- Borrowings	2,304.29	2,497.01
- Debt Securities	3,140.72	3,202.12
- Sub-Ordinated Liabilities	2,863.75	2,548.27
- Lease Liability	38.41	39.61
Bank Charges	121.62	156.90
Total	10,109.40	10,026.54
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)		
Investments	2.80	2.70
Hire Purchase Receivables	545.14	337.13
Trade Receivables	11.21	34.25
Bad Debts	170.29	264.64
Total	729.44	638.72
There is no impairment on Financial Instruments measured at FVTOCI		

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
29. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,315.35	2,160.70
Contributions to Provident and Other Funds	98.62	94.09
Staff Welfare Expenses	137.59	117.88
Gratuity	45.09	29.90
Leave Encashment	36.92	63.90
Total	2,633.57	2,466.47
30. DEPRECIATION AND AMORTIZATION		
Depreciation on Property, Plant and Equipment	238.91	226.98
Amortization - Intangibles	77.26	71.41
Depreciation on Investment property	4.60	4.60
Amortization - Right of use assets	144.84	135.73
Total	465.61	438.72
31. OTHER EXPENSES		
Rent	59.89	66.23
Rates, Taxes and Licences	179.28	175.74
Stamping on documents	27.96	31.63
Communication	73.94	91.27
Insurance	14.04	15.42
Travelling and Conveyance	395.12	502.60
Printing and Stationery	48.96	56.68
Power and Fuel	40.02	35.63
Advertisements	15.92	25.05
Auditor's Remuneration :		
As Auditor:		
- Audit Fee	16.00	14.00
- Limited Review Fee	7.10	4.85
- Certification Fee	5.25	4.87
- Reimbursement of Expenses	2.45	1.65
Legal and Professional Charges	203.91	237.45
Repairs and Maintenance on:		
- Buildings	78.52	90.21
- Machinery	52.19	50.98
- Information Technology	146.93	76.37
- Other Assets	34.70	40.74
Filing Fees	9.28	31.28
Directors' Sitting Fees	11.80	12.60
Corporate Social Responsibility Expenses (Refer Note 35)	12.19	40.79
Loss on Sale of Property, Plant and Equipment	1.50	-
Miscellaneous Expenses	72.76	160.18
Total	1,509.71	1,766.22
32. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt;		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1328.29	1328.29
The company has deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat credit under Protest. The company's writ petition before the Honourable High Court of Madras against the levy has been admitted and stay has been granted.		
c) The pending litigations as at 31.3.2020 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.		

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Intangible Assets	-	13.02
Travelling and Conveyance	-	5.97
Annual Maintenance Charges - Information Technology	83.43	83.43
34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	2018-19	2017-18
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)	44.50	44.50

35. 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 2020:

I. Gross amount required to be spent by the company during the year: ₹ 38.53 Lakhs

II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken)

Particulars	Amount Spent
a. Construction / acquisition of any asset	
b. On purposes other than (a) above:	
Promoting Education	6.71
Promoting Healthcare	2.46
Promoting Healthcare including preventive health care and others	
Swachh Bharath Project	
Promoting Sports	3.02
Others	
Total	12.19

The Company has so far spent ₹ 12.19 lakhs as against the required amount to be spent during the financial year 2019-20. Due to Covid-19 pandemic lockdown during March - May 2020, the company was unable to spend the balance amount of ₹ 26.34 lakhs.

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 working 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 31.03.2020	As at 31.03.2019	As at 01.04.2018
Tier - I Capital	15,357.08	13,887.80	13,515.18
Tier - II Capital	10,768.57	9,596.46	4,115.95
Total Capital	26,125.65	23,484.26	17,631.13
Aggregate of Risk Weighted Assets	1,19,197.86	1,05,057.62	1,02,376.60
Tier-I Capital adequacy ratio	12.88	13.22	13.20
Total Capital adequacy ratio	21.91	22.35	17.22

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

“Tier I Capital” means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

“Owned fund” means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

“Tier II Capital” includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets
- hybrid debt capital instruments; and
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital.

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.

37. FUNDS RAISED BY ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS TO PROMOTER GROUP COMPANIES AND OTHER CORPORATE BODY

During the financial year, the Company made an issue of 1,47,05,882 Equity Shares on preferential basis to Promoter Group Companies and Other Corporate Body at ₹ 17 per share for an amount not exceeding ₹ 25 crores. The equity shares were allotted on 13th March 2020 and were listed in BSE Limited on 27th May 2020 and admitted for trading on 4th June 2020.

The details of utilization of preferential issue proceeds are given below:

(₹ Lakhs)

Particulars	Amount
Issue proceeds raised	2,500.00
Utilised for :	
a. Working Capital requirements	2,487.07
b. Issue Expenses	12.93
Balance to be utilized	-

38. 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.

PARTICULARS	As at						As at		As at	
	Less than 12 months	More than 12 months	As at 31st March 2020	Less than 12 months	More than 12 months	As at 31st March 2019	Less than 12 months	More than 12 months	As at 1st April 2018	
ASSETS										
Financial Assets										
Cash and cash Equivalents	1,112.79	-	1,112.79	3,359.77	-	3,359.77	3,764.70	-	3,764.70	
Bank Balances other than Cash and cash Equivalents	469.39	-	469.39	695.04	-	695.04	1,386.66	-	1,386.66	
Receivables										
(i) Trade Receivables	237.36	-	237.36	114.81	-	114.81	96.25	-	96.25	
(ii) Other Receivables	8.69	-	8.69	6.72	-	6.72	8.54	-	8.54	
Other Long Term Liabilities										
Long-Term Provisions										
Loans	52,429.41	54,616.77	1,07,046.18	48,762.22	43,891.90	92,654.12	43,621.69	45,849.45	89,471.14	
Investments	-	2,659.80	2,659.80	149.60	2,633.49	2,783.09	136.02	2,422.40	2,558.42	
Other Financial Assets	2,044.27	-	2,044.27	1,743.13	-	1,743.13	1,767.27	-	1,767.27	
Non-Financial Assets										
Current tax Assets (net)	36.80	-	36.80	50.06	-	50.06	-	-	-	
Deferred tax Assets (net)	-	-	-	-	-	-	-	-	-	
Investment Property	-	284.41	284.41	-	289.01	289.01	-	293.61	293.61	
Property Plant and Equipment	-	6,316.65	6,316.65	-	6,474.52	6,474.52	-	6,527.16	6,527.16	
Right of use assets	156.86	1,174.22	1,331.08	99.85	1,331.08	1,430.93	88.35	1,430.93	1,519.28	
Intangible Assets under development	-	15.07	15.07	-	-	-	-	68.20	68.20	
Other Intangible Assets	-	114.95	114.95	190.33	-	190.33	-	157.51	157.51	
Other Non-Financial Assets	323.78	-	323.78	270.45	-	270.45	-	157.45	157.45	
Total Assets	56,819.35	65,181.87	1,22,001.22	55,441.98	54,620.00	1,10,061.98	50,869.48	56,906.71	1,07,776.19	

PARTICULARS	As at 31st March 2020					As at 31st March 2019		As at 1st April 2018
	Less than 12 months	More than 12 months	As at 31st March 2020	Less than 12 months	More than 12 months	As at 31st March 2019	Less than 12 months	
LIABILITIES AND EQUITY								
Liabilities								
Financial Liabilities								
Payables								
(I) Trade Payable	6.87	-	6.87	0.33	-	0.33	-	-
(i) Total outstanding dues of micro enterprises and small enterprises	160.76	-	160.76	185.23	-	185.23	-	117.89
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(II) Other Payables	101.99	-	101.99	251.05	-	251.05	-	140.08
(i) Total outstanding dues of micro enterprises and small enterprises	17,419.99	14,333.33	31,453.32	5,203.87	21,104.38	26,308.25	6,109.41	30,952.98
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	17,688.72	3,529.48	21,218.20	19,373.58	1,419.62	20,793.20	14,968.99	19,481.34
Debt Securities	9,055.02	9,991.36	19,046.38	8,636.24	9,711.83	18,348.07	7,606.21	17,029.53
Borrowings (Other than debt securities)	967.45	28,248.68	29,216.13	12,136.34	13,689.62	25,825.96	9,881.75	21,884.12
Deposits	1,388.74	331.97	1,720.71	1,283.52	443.17	1,726.69	1,107.66	1,595.87
Sub-Ordinated Liabilities								
Other Financial Liabilities								
Non-Financial Liabilities								
Current tax Liabilities (net)	-	-	-	-	-	-	56.95	56.95
Provisions	72.71	49.02	121.73	58.74	45.45	104.19	131.85	174.04
Deferred tax Liabilities (net)	-	215.71	215.71	-	376.25	376.25	-	539.26
Other Non-Financial Liabilities	91.89	-	91.89	105.29	-	105.29	90.29	90.29
Equity								
Equity Share Capital	-	6,470.59	6,470.59	-	5,000.00	5,000.00	-	5,000.00
Other Equity	-	12,176.94	12,176.94	-	11,037.47	11,037.47	-	10,713.84
Total Liabilities and Equity	46,654.14	75,347.08	122,001.22	47,234.19	62,827.79	110,061.98	40,211.08	107,776.19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
39. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities (₹ Lakhs)

Particulars	1st April 2018	Cash Flows	Others	31st March 2019
Debt Securities	30,952.98	(4,666.98)	22.25	26,308.25
Deposits	17,029.53	1,236.18	82.36	18,348.07
Borrowings Other than Debt securities	19,481.34	1,311.86	-	20,793.20
Sub-Ordinated Liabilities	21,884.12	3,902.86	38.98	25,825.96
Lease Liability	493.19	(135.73)	130.75	488.21
Total	89,841.16	1,648.19	274.34	91,763.69

Particulars	31st March 2019	Cash Flows	Others	31st March 2020
Debt Securities	26,308.25	5,101.54	43.53	31,453.32
Deposits	18,348.07	614.48	83.83	19,046.38
Borrowings Other than Debt securities	20,793.20	425.00	-	21,218.20
Sub-Ordinated Liabilities	25,825.96	3,343.43	46.74	29,216.13
Lease Liability	488.21	(146.75)	101.71	443.17
Total	91,763.69	9,337.70	275.81	1,01,377.20

40. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX
a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2019-20	FY 2018-19
1	Profit before Tax	1,401.03	1,379.31
2	Applicable Income Tax Rate	25.17%	29.12%
3	Expected Income Tax Expense	352.61	401.66
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	380.17	387.69
	Effect of expenses / provisions deductible in determining taxable profit	(449.69)	(377.26)
	Effect of tax incentives and concessions	-	(16.97)
	Effect of differential tax rate	-	(59.32)
	Adjustment related to tax of prior years	-	86.02
	Tax Effect of Adjustments	(69.52)	20.16
5	Tax Expense/(Income)	283.09	421.82

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 1.4.2018	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31.03.2019
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	565.26	5.90	-	559.36
2	Employee benefit expenses	16.48	12.86	(1.53)	5.15
3	Right of Use Assets & Lease Liabilities	(10.00)	(12.05)	-	2.05
4	Application of EIR on Financial Liabilities	(72.46)	10.10	-	(82.56)
5	Differences in Carrying amount of Property, Plant and Equipment	(1,038.54)	(178.29)	-	(860.25)
	Deferred Tax Asset / (Liabilities)	(539.26)	(161.48)	(1.53)	(376.25)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Sl No	Particulars	Balance as at 31.03.2019	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31.03.2020
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	559.36	(104.05)	-	663.41
2	Employee benefit expenses	5.15	(31.47)	5.98	30.64
3	Right of Use Assets & Lease Liabilities	2.05	(4.22)	-	6.27
4	Application Of EIR On Financial Liabilities	(82.56)	16.66	-	(99.22)
5	Differences in Carrying amount of Property, Plant and Equipment	(860.25)	(43.44)	-	(816.81)
	Deferred Tax Asset / (Liabilities)	(376.25)	(166.52)	5.98	(215.71)

c. Tax Items in Statement of Profit and Loss

Sl No	Particulars	31st March 2020	31st March 2019
1	Current Tax Expense/(Income)	449.61	583.30
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(166.52)	(102.17)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	(59.31)
	Income Tax Expense / (Income) recognised in statement of profit and loss	283.09	421.82

d. Tax Items recognised in Other Comprehensive Income

S.No	Particulars	31st March 2020	31st March 2019
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	5.98	(1.53)
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	5.98	(1.53)

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 (ie., 25.17 %) from the financial year 2019 - 20 and accordingly, the company had re-measured the deferred tax as at 31st March 2019.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

41. 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.

5. 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 than 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 than 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

6. 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 31.03.2020	As at 31.03.2019	As at 01.04.2018
I	Present Value of Defined Benefit Obligation			
	Defined benefit obligation at the beginning of the period	257.25	263.39	266.61
	(i) Current service cost	20.79	22.98	23.27
	(ii) Past Service Cost	-	-	20.00
	(iii) Interest cost	12.19	18.51	18.92
	(iv) Re-measurement Loss/(gain) due to :	-	-	-
	(a) Changes in financial assumptions	10.56	-	(2.89)
	(b) Changes in demographic assumptions	(0.40)	(3.84)	-
	(c) Experience on defined benefit obligation	(1.33)	(23.49)	(46.84)
	(v) Benefits paid	(101.19)	(20.30)	(15.68)
	Defined benefit obligation as at the end of the period	197.87	257.25	263.39

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Sl No	Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
II	Fair Value of Plan Assets			
	Fair Value of Plan Assets at the beginning of the period	218.97	188.12	174.69
	(i) Benefits Paid	(101.19)	(20.30)	(15.68)
	(ii) Employer Contribution	9.52	69.02	17.23
	(iii) Expected Interest Income on Plan Assets	10.21	15.53	12.83
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	31.65	(33.40)	(0.95)
	Fair Value of Plan Assets as at the end of the period	169.16	218.97	188.12
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	28.71	38.28	75.27
III	Cost of Defined Benefit Plan for the Year			
	(i) Current service cost	20.79	22.98	23.27
	(ii) Past Service Cost	-	-	20.00
	(iii) Interest Cost	12.19	18.51	18.93
	(iv) Expected Interest Income on Plan assets	(10.21)	(15.53)	(12.83)
	Net Cost recognized in the Statement of Profit and Loss	22.77	25.96	49.37
IV	Re-measurement (loss)/gain due to :			
	(a) Changes in financial assumptions	(10.56)	-	2.89
	(b) Changes in demographic assumptions	0.40	3.84	-
	(c) Experience on defined benefit obligation	1.33	23.49	46.84
	Actuarial (Loss)/Gain from Return on plan assets	31.65	(33.40)	(0.95)
	Net cost recognised in Other Comprehensive Income	22.82	(6.07)	48.78
V	Significant Actuarial Assumptions			
	(i) Discount Rate	6%	7%	7%
	(ii) Expected Return on Plan Assets	6%	7%	7%
	(iii) Salary Escalation Rate	4%	4%	4%
	(iv) Attrition Rate	22%	15%	19%
VI	Sensitivity Analysis for significant actuarial assumption			
	(i) Discount Rate			
	+ 100 Basis Rate	(6.39%)	(7.44%)	(5.62%)
	- 100 Basis Rate	6.91%	8.11%	5.98%
	(ii) Salary Growth			
	+ 100 Basis Rate	6.67 %	8.11%	5.27 %
	- 100 Basis Rate	(6.27%)	(7.56%)	(5.02%)
	(iii) Attrition Rate			
	+ 100 Basis Rate	(0.11%)	0.54%	0.23%
	- 100 Basis Rate	0.09%	(0.62%)	(0.26%)

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 2020
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 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 31.03.2020	As at 31.03.2019	As at 01.04.2018
I	Present Value of Defined Benefit Obligation			
	Defined benefit obligation at the beginning of the period	45.45	42.19	-
	(i) Current service cost	8.35	7.27	42.19
	(ii) Interest cost	1.94	2.18	-
	(iii) Re-measurement Loss/(gain) due to :	-	-	-
	(a) Changes in financial assumptions	2.75	-	-
	(b) Changes in demographic assumptions	-	-	-
	(c) Experience on defined benefit obligation	23.88	54.44	-
	(v) Benefits paid	(33.35)	(60.63)	-
	Closing defined benefit obligation	49.02	45.45	42.19
II	Cost of Defined Benefit Plan for the Year			
	(i) Current service cost	8.35	7.27	42.19
	(ii) Interest cost	1.94	2.19	-
	Net Cost recognized in the statement of Profit and Loss	10.29	9.46	42.19
III	Significant Actuarial Assumptions			
	(i) Discount Rate	7%	7%	7%
	(ii) Expected Return on Plan Assets	-	-	-
	(iii) Salary Escalation Rate	4%	4%	4%
	(iv) Attrition Rate	19%	19%	19%
IV	Sensitivity Analysis for significant actuarial assumption			
	(i) Discount Rate			
	+ 100 Basis Rate	(1.95%)	(2.49%)	(2.57%)
	- 100 Basis Rate	2.14%	2.86%	2.97%
	(ii) Salary Growth			
	+ 100 Basis Rate	1.91%	2.75%	2.87%
	- 100 Basis Rate	(1.77%)	(2.43%)	1.37%
	(i) Discount Rate			
	+ 100 Basis Rate	0.05%	0.47%	0.51%
	- 100 Basis Rate	(0.07%)	(0.54%)	(0.59%)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

42. 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. The Gounder and Company Auto Ltd.
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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 2020	For the year ended 31st March 2019
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	3.52	-	-	3.52	3.82
	Interest Income					
	ABT Industries Ltd.	9.72	-	-	9.72	28.80
2	Expenses					
	Purchase of fuel					
	N.Mahalingam & Co	11.56	-	-	11.56	19.64
	Rent paid					
	M.Balasubramaniam	-	1.20	-	1.20	2.40
	Smt.Vinodhini Balasubramaniam	-	-	1.20	1.20	-
	M. Srinivaasan	-	56.64	-	56.64	30.00
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	225.70	-	-	225.70	56.71
	Printing charges					
	Nachimuthu Industrial Association	22.19	-	-	22.19	19.64
	Sakthi Sugars Ltd.(Om Sakthi)	2.42	-	-	2.42	2.73
	CSR Expenses					
	Ramanandha Adigalar Foundation	-	-	-	-	23.53
	Deputation Charges					
	Sakthifinance Financial Services Ltd.	50.43	-	-	50.43	74.69
	Remuneration					
	M.Balasubramaniam	-	49.79	-	49.79	47.69
	S.Veluswamy	-	33.66	-	33.66	31.87
	M.K.Vijayaraghavan	-	4.99	-	4.99	35.87
	S.Venkatesh	-	16.94	-	16.94	16.49
	Perquisites					
	M.Balasubramaniam	-	3.90	-	3.90	3.90
	S.Veluswamy	-	0.34	-	0.34	0.34
	S.Venkatesh	-	0.00	-	0.00	0.46
	Employee Benefits					
	M.Balasubramaniam	-	6.05	-	6.05	6.05
	S.Veluswamy	-	2.35	-	2.35	2.35
	S.Venkatesh	-	1.18	-	1.18	1.18
	Commission**					
	M.Balasubramaniam	-	49.41	-	49.41	60.50
	Sitting Fees					
	Non-Executive Directors					
	M.Manickam	-	1.20	-	1.20	0.80
	M.Srinivaasan	-	1.00	-	1.00	1.40

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ 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 2020	For the year ended 31st March 2019
	Independent-Directors					
	A Selvakumar	-	3.20	-	3.20	3.80
	P S Gopalakrishnan	-	1.60	-	1.60	2.00
	Priya Bhansali	-	2.00	-	2.00	1.60
	K P Ramakrishnan	-	2.80	-	2.80	3.00

** subject to approval of share holders at the ensuing Annual General Meeting

Sl No.	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
3	Assets						
	Loans and advances given						
	ABT Industries Ltd.	899.00	-	-	899.00	-	-
	Loans and advances repaid						
	ABT Industries Ltd.	(400.00)	-	-	(400.00)	-	-
4	Liabilities:						
	Subscription in NCDs:						
	Sri Chamundeswari Sugars Limited	-	-	-	-	-	221.94
	Smt.Vinodhini Balasubramaniam	-	-	70.00	70.00	-	40.00
	Smt.Samyuktha Vanavarayar	-	-	75.00	75.00	50.00	50.00
	Ms.Shruthi Balasubramaniam	-	-	63.00	63.00	20.23	20.23
	Bhavani Gopal	-	-	50.00	50.00	56.00	6.00
	Lalitha Ramakrishnan	-	-	24.00	24.00	21.00	21.00
	M. Harihara Sudhan	-	-	2.00	2.00	2.00	-
	Investments in Deposits						
	Bhavani Gopal	-	-	20.00	20.00	20.00	20.00
	Amrith Vishnu Balasubramaniam	-	-	8.83	8.83	8.83	8.83
	M. Harihara Sudhan	-	-	6.64	6.64	1.10	-
	Subscription 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:						
	Sakthi Sugars Ltd.	0.21	-	-	0.21	0.10	0.10
	N. Mahalingam And Co.	0.00	-	-	0.00	2.07	0.19
	Nachimuthu Industrial Association	6.87	-	-	6.87	0.33	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

43. 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 31.03.2020	For the year ended 31.03.2019
a) Weighted average number of equity shares of ₹ 10 Each		
(i) Number of shares at the beginning of the year	5,00,00,000	5,00,00,000
(ii) Number of shares at the end of the year	6,47,05,882	5,00,00,000
(b) Weighted average number of shares outstanding during the year (nos)	5,07,63,420	5,00,00,000
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	1,112.40	926.41
Basic and diluted earnings per share (₹)	2.19	1.85

44. 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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The following table provides an overview of the gross carrying amount of loan assets stagewise :

(₹ Lakhs)

Particulars	31.03.2020			31.03.2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Balance at the beginning of the year	78,498.26	11,999.70	4,651.47	74,853.69	12,388.67	4,368.48	91,610.84
New business- net of recovery	55,339.50	7,571.34	122.41	49,687.00	4,359.43	1,86.11	54,232.54
Transfer due to change in credit worthiness							
Stage 1	30,89.84	(2,988.08)	(101.76)	1,209.09	(1,130.30)	(78.79)	-
Stage 2	(7,093.80)	7,128.68	(34.88)	(6,070.87)	6,112.76	(41.89)	-
Stage 3	(848.48)	(930.33)	1778.81	(1,014.11)	(920.78)	1,934.89	-
Financial Assets that have been derecognised	(40,190.95)	(6,449.54)	(1,334.20)	(40,062.18)	(8,791.06)	(1,576.06)	(50,429.30)
Write off during the year	(59.28)	(12.18)	(98.82)	(104.37)	(19.02)	(141.26)	(264.65)
Balance at the end of the year	88,735.09	16,319.59	4,983.03	78,498.25	11,999.70	4,651.48	95,149.43

The following table provides an overview of the Expected Credit Loss, stagewise :

Particulars	31.03.2020			31.03.2019			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Balance at the beginning of the year	139.53	269.59	2,086.19	120.05	259.67	1,759.98	2,139.70
New business- net of recovery	52.69	184.75	29.40	45.08	136.83	43.40	225.31
Transfer due to change in credit worthiness							
Stage 1	2.80	(2.62)	(0.18)	3.14	(3.02)	(0.12)	-
Stage 2	(109.64)	110.36	(0.72)	(104.32)	105.22	(0.90)	-
Stage 3	(275.80)	(330.81)	606.61	(346.67)	(348.46)	695.13	-
Financial Assets that have been derecognised	287.70	94.87	(67.29)	422.55	121.62	(297.97)	246.20
Write off during the year	(0.16)	(3.41)	(82.33)	(0.30)	(2.27)	(113.33)	(115.90)
Balance at the end of the year	97.12	322.73	2,571.68	139.53	269.59	2,086.19	2,495.31

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
Geographical break-up of portfolio (Net SOH)

(₹ Lakhs)

Particulars	FY2020	FY2019	FY2018
Tamil Nadu & Puducherry	85,435	72,605	66,035
Kerala	18,176	16,560	19,463
Karnataka	3,084	2,764	2,956
Andhra	1,669	1,668	1,811
Total	1,08,364	93,597	90,265

Portfolio composition - Net Stock on Hire

Particulars	FY2020	FY2019	FY2018
Commercial Vehicles	97,047	83,690	80,700
Cars & Jeeps	8,603	7,682	7,060
Construction Equipment	2,000	1,510	1,981
Machinery	649	690	486
Consumer Durable	65	25	38
Total	1,08,364	93,597	90,265

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 31.03.2020 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	1,920.49	2,964.92	4,769.13	9,990.50	-	-	19,645.04
Borrowings	15,403.29	17,444.47	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 2020

The contracted cashflow arising out of the financial liabilities and financial assets as at 31.03.2019 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	1,295.29	2,871.13	4,832.53	9,711.83	–	–	18,710.78
Borrowings	13,038.20	4,917.50	21,666.87	21,784.62	9,937.57	2,261.92	73,606.68
Foreign Currency Assets	–	–	–	–	–	–	–
Foreign Currency Liabilities	–	–	–	–	–	–	–
Total	14,333.49	7,788.63	26,499.40	31,496.45	9,937.57	2,261.92	92,317.46
Financial Assets							
Cash and cash equivalents	1,004.97	–	–	–	–	–	1,004.97
Bank balances	2,871.47	112.36	66.01	–	–	–	3,049.84
Loans	11,689.89	11,135.27	25,937.06	38,919.85	4,568.36	403.69	92,654.12
Investments	–	–	–	351.89	873.71	1,557.49	2,783.09
Other financial assets	1,230.1	322.07	180.84	186.66	265.5	–	2,185.17
Total	16,796.43	11,569.70	26,183.91	39,458.40	5,707.57	1,961.18	1,01,677.19

The contracted cashflow arising out of the financial liabilities and financial assets as at 01.04.2018 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	1,946.87	3,511.13	2,440.32	9,450.15	–	–	17,348.46
Borrowings	6,765.54	2,577.22	19,987.58	30,915.01	12,358.34	–	72,603.69
Foreign Currency Assets	–	–	–	–	–	–	–
Foreign Currency Liabilities	–	–	–	–	–	–	–
Total	8,712.41	6,088.35	22,427.90	40,365.16	12,358.34	–	89,952.16
Financial Assets							
Cash and cash equivalents	839.68	–	–	–	–	–	839.68
Bank balances	3,869.92	210.09	231.67	–	–	–	4,311.68
Loans	11,748.88	11,022.99	20,849.82	40,095.93	5,025.37	728.15	89,471.14
Investments	–	–	136.31	147.45	522.82	1,751.84	2,558.42
Other financial assets	666.61	234.78	376.62	369.00	–	382.50	2,029.51
Total	17,125.09	11,467.86	21,594.43	40,612.38	5,548.19	2,862.49	99,210.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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)

	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Financial assets			
Fixed rate instruments			
Loans	1,10,037.71	95,149.43	91,610.84
Investments	2,581.07	2,681.99	2,430.77
Bank Balances	413.00	638.00	1,220.95
Variable rate Instruments	-	-	-
Total	1,13,031.78	98,469.42	95,262.56
Financial Liabilities			
Fixed rate instruments			
Debt securities	31,554.05	26,425.14	31,238.24
Borrowings (other than debt securities)	6,678.19	5,758.85	8,912.90
Deposits	19,645.04	18,710.78	17,348.46
Sub-Ordinated liabilities	27,838.82	24,732.23	20,755.00
Preference Shares	1,630.10	1,656.11	1,129.12
Variable rate instruments			
Bank Borrowings	14,540.01	15,034.35	10,568.44
Total	1,01,886.21	92,317.46	89,952.16

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	31.03.2020		31.03.2019	
	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	+82	(82)	+69	(69)

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 2020

45. 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.

46. 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 2020	As at 31st March 2019	As at 1st April, 2018
Investment in Equity Instruments	Level 1	40.36	62.73	89.28

2. Financial assets and financial liabilities measured at amortised cost as at 31.03.2020

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	2741.96	38.37	–
Other Financial Assets	2,044.27	–	–	2,044.27
Financial Liabilities				
Payables				
(I) Trade Payable	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	–

3. Financial assets and financial liabilities measured at amortised cost as at 31.03.2019

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and cash Equivalents	3,359.77	3,359.77	–	–
Bank Balances other than Cash and cash Equivalents	695.04	695.04	–	–
Trade Receivables	121.53	–	183.18	–
Loans	92,654.12	–	–	92,654.12
Investments	2,720.36	2804.85	38.37	–
Other Financial Assets	1,743.13	–	–	1,743.13

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Payables				
(I) Trade Payable	185.56	–	185.56	–
(II) Other Payables	251.05	–	251.05	–
Debt Securities	26,308.25	14,933.83	11,374.42	–
Borrowings (Other than debt securities)	20,793.20	20,793.20	–	–
Deposits	18,348.07	–	–	18,348.07
Sub-Ordinated Liabilities	25,825.96	–	25,825.96	–
Other Financial Liabilities	1,726.69	–	1,726.69	–

4. Financial assets and financial liabilities measured at amortised cost as at 01.04.2018

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and cash Equivalents	3,764.70	3,764.70	–	–
Bank Balances other than Cash and cash Equivalents	1,386.66	1,386.66	–	–
Trade Receivables	104.79	–	183.18	–
Loans	89,471.14	–	–	89,471.14
Investments	2,469.14	2,545.21	38.37	–
Other Financial Assets	1,767.27	–	–	1,767.27
Financial Liabilities				
Payables				
(I) Trade Payable	117.89	–	117.89	–
(II) Other Payables	140.08	–	140.08	–
Debt Securities	30,952.98	22,431.24	8,521.74	–
Borrowings (Other than debt securities)	19,481.34	19,481.34	–	–
Deposits	17,029.53	–	–	17,029.53
Sub-Ordinated Liabilities	21,884.12	–	21,884.12	–
Other Financial Liabilities	1,595.87	–	1,595.87	–

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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
47. DISCLOSURE PURSUANT TO IND AS '101' First time adoption of Ind AS
Equity Reconciliation

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2019	As at 1st April 2018
	Other Equity reported as per previous GAAP	11,217.69	10,790.14
1	Adoption of Effective Interest Rate (EIR) for amortization of Income and Expected credit loss for impairment of Financial Assets at amortized cost	(490.60)	(480.80)
2	Adoption of EIR for amortization of expenses – Financial Liabilities at amortised cost	98.35	120.01
3	Re-measurement gain / loss on defined benefit obligation plan as per Ind AS 19	(42.55)	(26.36)
4	Impact of Application of Ind AS 116 for lease payments from the date of transition	(64.96)	-
5	Adoption of fair value as deemed cost for Property, Plant and Equipment	903.28	903.28
6	Adjustments on account of de-recognition of Intangible assets	(347.12)	(297.73)
7	Tax adjustments on above	(236.62)	(294.70)
	Other Equity as per Ind AS	11,037.47	10,713.84

Profit Reconciliation For The Year Ended 31.3.2019

Particulars	For the year ended 31.3.2019
Net Profit after tax as per Previous GAAP	1196.35
Adjustments resulting in increase / (decrease) in net profit after tax reported under Previous GAAP:	
a. Adoption of Effective Interest Rate (EIR) for amortization of Income and Expenditure – Financial Assets at amortised cost	(2.39)
b. Adoption of EIR for amortization of expenses – Financial Liabilities at amortised cost	(187.68)
c. Expected Credit Loss (ECL) and related adjustments under Ind AS 109	(7.42)
d. Re-measurement gain / loss on defined benefit obligation plan as per Ind AS 19	(10.10)
e. Adoption of Ind AS 116 for lease payments.	(64.96)
f. Fair value of equity instrument at fair value through Other Comprehensive Income	26.54
g. Adjustments on account of de-recognition of Intangible assets.	(49.40)
h. Tax adjustments on the above items	56.55
Net Profit after tax as per Ind AS	957.49
Other Comprehensive Income, net of tax	(31.08)
Total Comprehensive Income as per Ind AS	926.41

Material Adjustments to the statement of cash flows for the year ended 31.03.2019

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash generated from/(used in) operating activities	1,506.89	(3,306.42)	(1,799.53)
Net cash generated from/(used in) investing activities	110.65	337.21	447.86
Net cash generated from/(used in) financing activities	(2,022.47)	2,969.21	946.74
Net increase/(decrease) in cash and cash equivalents	(404.93)	-	(404.93)
Cash and cash equivalents at the beginning of the year	3,764.70	-	3,764.70
Cash and cash equivalents at the end of the year	3,359.77	-	3,359.77

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1 Financial Asset at amortised cost

The Company has applied effective interest rate for recognition of income from financial assets classified and subsequently measured at amortised cost. The provision for loss of loan assets (i.e., Impairment) has been made as per expected credit loss method on financial assets as per Ind AS 109 while it has been provided on a percentage basis as per RBI provisioning norms/ directions under previous GAAP. The adoption of this treatment had resulted in a decrease in other equity of ₹ 480.80 lakhs as at 01.04.2018 and ₹ 490.60 lakhs as at 31.03.2019. The profit for the year ended 31.03.2019 is reduced by ₹ 9.81 lakhs

2.a Financial liabilities at amortised cost

As required under the Ind AS 109, transactions costs incurred towards origination of Financial liabilities have been deducted from the carrying amount of financial liability on initial recognition. These costs are recognised in the statement of profit and loss over the tenor of the financial liability as interest expense, computed using the effective interest rate method. Under the previous GAAP, these transaction costs were charged to the statement of profit and loss as and when incurred. Consequently, on the date of transition (01.04.2018) retained earnings have been increased by ₹ 120.01 Lakhs and ₹ 98.35 as at 31st March, 2019. The profit for the year ended 31.03.2019 is reduced by ₹ 21.66 lakhs.

2.b Preference shares classified as financial liability

Under previous GAAP, Non-convertible Preference shares are considered as part of share capital and dividend declared and paid on those preference shares have been apportioned directly from other equity. Ind AS 32 requires the classification of non-convertible financial instruments as financial liability and not as equity. Consequently, the preference shares are classified as financial liability and dividend payable (including dividend distribution tax) on the same are charged into the statement of profit or loss during the period. This has resulted in decrease in profit for the year ended 31.03.2019 by ₹ 166.02 lakhs.

3 Defined benefit Obligation

Under previous GAAP, remeasurement gain/loss on defined benefit obligation (gratuity), and other long term employee benefits (Leave salary) arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS 19, such remeasurement gain/loss relating to defined benefit plans is recognised in Other Comprehensive Income as per the requirements of Ind AS 19- Employee benefits. Consequently, the related tax effect of the same has also been recognised in Other Comprehensive Income.

Remeasurement of gratuity and leave encashment resulted in decrease in retained earnings by ₹ 26.36 lakhs as at 01.04.2018 and by ₹ 42.55 lakhs as at 31.03.2019. During the year 2018-19 a loss of ₹ 4.54 lakhs is recognised in Other Comprehensive income and ₹ 10.10 lakhs in the Statement of Profit and Loss.

4 Lease under Ind AS 116

Under previous GAAP, operating lease payments are recognised as expense in the statement of profit and loss on straight line basis over the lease term. Ind AS 116 requires the Company to recognise a lease liability and Right of use asset with respect to the operating leases. The Company applies the standard from 01.04.2019 in modified retrospective approach by restating the comparative figures for the year ended 31.03.2019 by recognising the right of use asset and lease liability for the remaining lease payments as at the date of transition (i.e., 01.04.2018). Consequently, the retained earnings and profit for the period ended 31.03.2019 is reduced by ₹ 64.96 lakhs

5 Fair Valuation of Property, Plant and Equipment ("PPE")

The Company has elected to measure items of Land, Buildings and Plant and Machinery at fair value as at the date of transition to Ind AS and considered it as deemed cost. Hence, at the date of transition to Ind AS (i.e., 01.04.2018), an increase of ₹ 903.28 Lakhs was recognised in Property, Plant and Equipment with corresponding increase in Retained Earnings.

Since the Company has elected for fair valuation of PPE as at the date of transition to Ind AS, the Revaluation Reserve existing on the date of transition under Previous GAAP amounting to ₹ 1,735.96 Lakhs has been transferred to the Retained Earnings.

6 De-recognition of Intangible assets and Intangible assets under development

The carrying amount of Intangible asset under GAAP of ₹ 297.73 Lakhs has been derecognized on transition to Ind AS since no future economic benefits are expected from its use or disposal. The loss arising from such de-recognition has been transferred to the retained earnings on the date of transition.

The carrying amount of intangible asset under GAAP as at 31.03.2019 of ₹ 347.12 Lakhs has been derecognised. Accordingly ₹ 49.52 Lakhs charged as depreciation and amortisation under previous GAAP reversed in the Statement of Profit or Loss and ₹ 98.91 lakhs has been recognised as expenses in the Statement of Profit and Loss.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

48. FIRST TIME ADOPTION OF Ind AS

The following note explains the principle adjustments made by the company in restating its Previous GAAP financial statements, including balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31st March 2019 to comply with Ind AS 101.

Balance Sheet as at 1st April 2018

(₹ Lakhs)

PARTICULARS	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash Equivalents	3,764.70	(0.00)	3,764.70
Bank Balances other than Cash and cash Equivalents	1,386.66	0.00	1,386.66
Receivables		-	
(i) Trade Receivables	132.19	(27.40)	104.79
(ii) Other Receivables	-	-	-
Loans	89,557.49	(86.35)	89,471.14
Investments	2,565.85	(7.43)	2,558.42
Other Financial Assets	3,253.57	(1,486.30)	1,767.27
Non-Financial Assets			
Current tax Assets (net)	-	-	-
Deferred tax Assets (net)			
Investment Property	293.61	-	293.61
Property Plant and Equipment	5,623.87	903.29	6,527.16
Capital Work in Progress	5.44	(5.44)	-
Right of use assets	-	1,519.28	1,519.28
Intangible Assets under development	68.20	(0.00)	68.20
Other Intangible Assets	359.00	(201.49)	157.51
Other Non-Financial Assets	247.55	(90.10)	157.45
Total Assets	1,07,258.13	518.06	1,07,776.19
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Payables			
(I) Trade Payable			
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	117.89	-	117.89
(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	140.08	0.00	140.08
Debt Securities	30,983.37	(30.39)	30,952.98
Borrowings (Other than debt securities)	19,571.42	(90.08)	19,481.34
Deposits	17,113.50	(83.97)	17,029.53
Sub-Ordinated Liabilities	21,928.52	(44.40)	21,884.12
Other Financial Liabilities	1,102.68	493.19	1,595.87
Non-Financial Liabilities			
Current tax Liabilities (net)	56.95	0.00	56.95
Provisions	118.74	55.30	174.04
Deferred tax Liabilities (net)	244.56	294.70	539.26
Other Non-Financial Liabilities	90.29	0.00	90.29
Equity			
Equity Share Capital	5,000.00	-	5,000.00
Other Equity	10,790.13	(76.29)	10,713.84
Total Liabilities and Equity	1,07,258.13	518.06	1,07,776.19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Balance Sheet as at 31st March 2019

(₹ Lakhs)

PARTICULARS	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and cash Equivalents	3,359.77	-	3,359.77
Bank Balances	695.04	-	695.04
Receivables	-		
(i) Trade Receivables	183.18	(61.65)	121.53
(ii) Other Receivables	-	-	-
Loans	92,713.65	(59.53)	92,654.12
Investments	2,792.92	(9.83)	2,783.09
Other Financial Assets	3,287.68	(1,544.55)	1,743.13
Non-Financial Assets			
Current tax Asset (net)	50.06	-	50.06
Deferred tax Assets (net)	-	-	-
Investment Property	289.01	-	289.01
Property Plant and Equipment	5,571.21	903.30	6,474.51
Right of use of Premises	-	1,430.93	1,430.93
Capital work in Progress	5.51	(5.51)	-
Intangible Assets under development	152.89	(152.89)	-
Other Intangible Assets	342.30	(151.97)	190.33
Other Non-Financial Assets	322.79	(52.33)	270.46
Total Assets	1,09,766.01	295.97	1,10,061.98
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Payables			
(I) Trade Payable			
(i) Total outstanding dues of micro enterprises and small enterprises	0.33	0.00	0.33
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	185.23	0.00	185.23
(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	238.95	12.10	251.05
Debt Securities	26,363.06	(54.81)	26,308.25
Borrowings (Other than debt securities)	20,845.52	(52.32)	20,793.20
Deposits	18,434.95	(86.88)	18,348.07
Sub-Ordinated Liabilities	25,793.96	32.00	25,825.96
Other Financial Liabilities	1,404.50	322.19	1,726.69
Non-Financial Liabilities			
Current tax Liability (net)	0.00	0.00	0.00
Provisions	36.91	67.28	104.19
Deferred tax Liability (net)	139.62	236.63	376.25
Other Non-Financial Liabilities	105.29	0.00	105.29
Equity			
Equity Share Capital	5,000.00	0.00	5,000.00
Other Equity	11,217.69	(180.22)	11,037.47
Total Liabilities and Equity	1,09,766.01	295.97	1,10,061.98

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 consist of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

Particulars	31-Mar-20	31-Mar-19
(a) Depreciation charge for Right-of-Use Assets	144.84	135.73
(b) Interest expense on Lease Liabilities	38.41	39.61
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	59.89	66.23
(e) Total cash outflow for leases	206.64	176.62
(f) Additions to right-of-use assets	53.19	55.14
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,331.08	1,430.93

Maturity Analysis

31-Mar-20

Less than 1 year	151.88
1-3 years	219.74
3-5 years	120.23
More than 5 years	82.26
Total future undiscounted cash outflow on lease liability	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 2020

50. Disclosures under RBI Directions

50.1 Schedule to the Balancesheet 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 31.03.2020	
		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	31,554.05	100.73
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	1,601.00	
	(d) Inter-Corporate loans and borrowing	5,077.19	
	(e) Commercial paper	-	-
	(f) Public Deposits	19,645.04	598.66
	(g) Sub-Ordinated Debts	23,261.47	252.79
	: Debentures - Unsecured	4,577.35	-
	(h) Other Loans - Cash Credit	14,540.01	-
(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	-	-
	(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	19,645.04	598.66
	(d) Sub-Ordinated Debts	23,261.47	252.79
	: Debentures - Unsecured	4,577.35	-
	# 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		358.98
	(b) Unsecured		1,315.22
(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		10,8151.45
	(b) Repossessed Assets		212.06
	(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 2020

(₹ Lakhs)

		As at 31.03.2020		
(5)	Break-up of Investments:			
	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			40.36
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of Mutual Funds			-
	(iv) Government Securities			2,581.07
	(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			
		31.03.2020 (Amount net of provisions)		
	Category	Secured	Unsecured	Total
	1. Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	503.13	503.13
	2. Other than related parties	1,05,730.96	812.09	1,06,543.05
	Total	1,05,730.96	1,315.22	1,07,046.18

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

(7)	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)	Market value / Break up or fair value or NAV	Book value (Net of provisions)
		31.03.2020	31.03.2020
	Category		
	1.Related parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	78.72	78.68
	2. Other than related parties	2,568.07	2,581.12
	Total	2,646.79	2,659.80
(8)	Other information		Amount
	Particulars		
	(i) Gross Non Performing Assets		5,662.99
	(a) Related parties		-
	(b) Other than Related parties		5,662.99
	(ii) Net Non Performing Assets		-
	(a) Related parties		-
	(b) Other than Related parties		3,022.60
	(iii) Assets acquired in satisfaction of debt		-

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

Sl. No.	Particulars	31.03.2020	31.03.2019
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	21.91	22.35
	CRAR - Tier I Capital (%)	12.88	13.22
	CRAR - Tier II Capital (%)	9.03	9.13
	Amount of Sub-Ordinated debt considered as Tier-II capital	14,496.80	12,858.60
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	2,659.86	2,783.15
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,659.80	2,783.09
	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 2020

(₹ 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 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									-
5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.03.2020									
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	17,44.47	19,008.22	14,368.29	31,538.80	178.11	82,241.18
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.03.2019									
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	518.78	372.09	404.42	2,871.13	4,832.53	9,711.83	-	-	18,710.78
(ii)	Advances	3,480.82	3,645.57	4,563.50	11,135.27	25,937.06	38,919.85	4,568.36	403.69	92,654.12
(iii)	Investments	-	-	-	-	-	351.89	873.71	1,557.49	2,783.09
(iv)	Borrowings	4,749.70	3,972.31	4,316.19	4,917.50	21,666.87	21,784.62	9,937.57	2,261.92	73,606.68
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Sl No	Particulars	31.03.2020	31.03.2019															
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	78.79	101.16															
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	78.79	101.16															
(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	1,315.22	1,210.52															
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 No 42																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) MA-Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) MA-Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
(v)	Remuneration of Directors																	
	Ref. Page No. 39 of Corporate Governance Report 2020																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Sl No	Particulars	31.03.2020	31.03.2019
(vi)	Management Ref. Management and Discussion and Analysis report on Page No. 23		
(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 Account		
a	Provisions for diminution in value of Investment	2.80	2.70
b	Provision towards NPA	556.35	371.38
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	283.09	421.82
d	Other Provision and Contingencies (with details)		
(ii)	Draw Down from Reserves		
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:- Total Deposits of twenty largest depositors	586.56	537.40
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.17%	3.06%
b	Concentration of Advances:- Total Advances to twenty largest borrowers	1,849.78	1,909.49
	Percentage of Advances to twenty largest borrowers to Total Advances	1.71%	2.04%
c	Concentration of Exposures Total Exposure to twenty largest borrowers / customers	1,147.62	1,111.52
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.06%	1.19%
d	Concentration of NPAs Total Exposure to top four NPA accounts	56.94	132.84
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Sector		
(ii)	Agriculture & allied activities	0.00%	0.08%
(iii)	MSME – Engineering		
(iv)	Corporate borrowers - Textiles	0.07%	0.05%
(v)	Services - Others		
(vi)	Unsecured personal loans	4.97%	4.92%
(vii)	Auto loans - Transport		-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ Lakhs)

Sl No	Particulars	31.03.2020	31.03.2019
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.82%	3.02%
(ii)	Movement of NPAs (Gross)		
	Opening balance	4979.55	4812.67
	Additions during the year	2798.65	3575.23
	Reductions during the year	2115.21	3408.35
	Closing balance	5662.99	4979.55
(iii)	Movement of Net NPAs		
	Opening balance	2793.97	3004.95
	Additions during the year	1792.46	2144.37
	Reductions during the year	1563.83	2355.35
	Closing balance	3022.60	2793.97
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	2185.58	1807.72
	Provisions made during the year	1006.19	1430.86
	Write-off / write-back of excess provisions	551.38	1053.00
	Closing balance	2640.39	2185.58
(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	0	0
b	No. of complaints received during the year	1	2
c	No. of complaints redressed during the year	0	2
d	No. of complaints pending at the end of the year	1	0

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	6	16,749	90.62	16.21

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	586.56	3.17%

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	19,985	20.67%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
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	23,261.47	22.83%
2	Fixed Deposits	19,645.04	19.28%
3	Non Convertible Debentures - Public Issue 2019	20,926.77	20.54%
4	Non Convertible Debentures - Private placement	10,627.29	10.43%
5	Non Convertible Debentures - Public Issue-Unsecured (considered as Sub-Ordinated debt)	4,577.35	4.49%
6	Preference Shares	1,630.11	1.60%
	Total	80,668.03	79.17%

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 % 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)	148.86
2	% to Total Public Funds	19.69%
3	% to Total Liabilities	14.40%
4	% to Total Assets	12.20%

c. Other Short term Liabilities, if any as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount
1	Other Short term Liabilities	27425
2	% to Total Public Funds	36.28%
3	% to Total Liabilities	26.54%
4	% to Total Assets	22.48%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary, Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required, The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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.

50.4 Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No .BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID -19 Regulatory Package - Asset Classification and Provisioning

(₹ Lakhs)

Particulars	Amount
i. Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	4109
ii. Respective amount where asset classification benefits is extended	478
iii. Provisions made during the Q4 - FY2020 #	23.92
In respect of accounts in default but standard where moratorium up to 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020	
iv. Provisions adjusted during the respective accounting periods against slippages and the residual provisions	NA

The Company has made an additional provision of ₹ 23.92 lakhs at 5% of the total outstanding for the quarter and year ended 31st March 2020 as per IRAC Norms and the same is included in relevant disclosures as applicable to the Company.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
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 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 2020

(₹ 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	88,735.09	97.12	88,637.97	354.94	(257.82)
	Stage 2	16,319.59	322.73	15,996.86	87.28	235.45
Sub-Total		1,05,054.68	419.85	1,04,634.83	442.22	(22.37)
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,083.43	700.05	1,383.38	132.79	567.26
Doubtful - up to 1 year	Stage 3	644.95	308.23	336.72	254.74	53.49
1 to 3 years	Stage 3	380.02	273.18	106.84	301.78	(28.60)
More than 3 years	Stage 3	311.12	218.87	92.25	290.79	(71.92)
Sub-Total for doubtful assets		1,336.09	800.28	535.81	847.31	(47.03)
Loss	Stage 3	1,563.51	1,071.35	492.16	1,563.52	(492.17)
Sub-Total for NPA		4,983.03	2,571.68	2,411.35	2,543.62	28.06
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	88,735.09	97.12	88,637.97	354.94	(257.82)
	Stage 2	16,319.59	322.73	15,996.86	87.28	235.45
	Stage 3	4,983.03	2,571.68	2,411.35	2,543.62	28.06
	Total	1,10,037.71	2,991.53	1,07,046.18	2,985.84	5.69

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

51. There have been no events after the reporting date that require disclosure in these financial statements.
52. During the financial year 2019-20, no fraud was detected.
53. 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

P.K.NAGARAJAN
Partner
Membership No.025679
UDIN : 20025679AAAABG1707

Place : Coimbatore
Date : 30th July 2020

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

S. VENKATESH
Company Secretary
Membership No. FCS 7012

M. MANICKAM
Chairman
DIN : 00102233

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

BRANCH NETWORK

Branch Offices		Address	Fax		Phones	
TAMILNADU						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dharmapuri	636 701	No.117/11 Q, First Floor, Nethaji Bye-pass Road, Opp. Govt. Medical College Hospital			04342	270888
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	Gopuram Towers, Second Floor, 59/5, Durgam Road			04151	223567
Kanchipuram	631 501	14/69, Opp. Santhana Krishna Silk Street, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E, Second Floor, Dr. Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex, 41/1-A Annur Main Road			04254	224686
Nagercoil	629 001	No. 93/1A, Sarguna Veethi, Chettikulam Junction			04652	222008
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road, Opp. Old RTO Office			04286	275125
Perambalur	621 212	140/2A3, 3B7A Second Floor, Ruckmani Srinivasan Complex			04328	225570
Pollachi	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 004	215/4, Abiroopa Towers, Second Floor, Kuruvangu Chavadi, Omalaur Main Road			0427	2448840
Sankagiri	637 301	No.1/14/18. D6, Settia Gounder Complex-C, Bhavani Main Road			0428	3240270
Sivakasi	626 123	100/A4, First Floor, Marutham Hotel Upstairs, Opp. Bell Hotel, Thiruthangal Road			04562	227226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum Road			0462	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2741959
Tuticorin	628 003	Ground Floor, 138, Palayamkottai Road, Near AVM Hospital			0461	2323977
Vellore	632 006	No. 97, Second Floor, First West Main Road, Gandhi Nagar			0416	2243653
Puducherry	605 011	No. 94, Kamaraj Salai, Near Jeeva Rukmani Theatre			0413	2213786
KERALA						
Alapuzha	686 561	No. AMCW 20/115, Second Floor, Ambalapuzha			0477	2260111
Ernakulam	682 016	New No.: 61/3537 (Old No: 61/3633-C), Second Floor, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, Second Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB – 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 601	No.1x572/E, Madappallil Building, Room No. : 572E, Sastri Road			0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.XXIII / 392, 392(A), NH 49, Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303(4), Kottaramattam			04822	210930
Palakkad	678 007	12/872, First Floor, KAV Central, Chandranagar P O			0491	2573232
Pathanamthitta	689 645	PMC IX /1128(1)10(E), Second Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Thrissur	680 001	DAZE Towers, Second Floor, Marar Road			0487	2440294
Vadakara	673 101	No.25/125-A, Elite Building, Second Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2515632
KARNATAKA						
Bengaluru	560 001	No.206, Second Floor, Blue Cross Chamber, No. 11, Infantry Road Cross			080	25583365
JP Nagar, Bengaluru	560 078	No.57-132-4, First Floor, 2nd Cross, Seventh Main, KSRTC Layout, JP Nagar			080	26583364
Mangaluru	575 002	Door No.213, Second Floor, Mangalore Shalimar Gate, Bypass Road, Near Kankanady Bus Stand			0824	2434811
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, Third Floor, E & S Reddy Complex Tilak Road Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59-14-5, 5th Floor, BSR Plaza, NH – 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	560 016	No.49-24-51, A, 6, First Floor, Flat No. 101-A, Pavan Estate Shankaramadam Road	0891	2550060	0891	2550060
NEW DELHI	110 057	No.149, Vasant Enclave			011	26141165

FOR HOLDERS OF SHARES IN PHYSICAL FORM

SKDC Consultants Limited
(Unit: Sakthi Finance Limited)
"Kanapathy Towers" Third Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore – 641 006

NATIONAL ELECTRONIC FUND TRANSFER (NEFT) - MANDATE FORM

- 1. Shareholder's Name : _____
- 2. Folio Number : _____
- 3. Number of Shares : _____
- 4. Bank Name : _____
- 5. Branch Name, Address and Telephone No. : _____
- 6. Permanent Account Number (PAN) : _____
- 7. Bank Account Number (10-Digit or more number only) : _____
- 8. Account type [Please tick 3] : _____
- 9. 9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank : _____
- 10. 11-Digit IFS Code :

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- 11. Contact Number :

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

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

Date

Signature of the Sole/First Shareholder

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

FOR THE ATTENTION OF HOLDERS OF SHARES IN PHYSICAL FORM

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

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

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

E-MAIL ADDRESS REGISTRATION FORM

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

(For shareholders who hold shares in physical form)

SKDC Consultants Limited
(Unit: Sakthi Finance Limited)
"Kanapathy Towers"
Third Floor, 1391/A-1, Sathy Road
Ganapathy
Coimbatore - 641 006

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

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

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

Place :

Date :

(Signature of Sole / First Shareholder)

IMPORTANT COMMUNICATION TO MEMBERS

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

To support this green initiative of the Government:

- a. members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- b. members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form as appended above of this Annual Report to

SKDC Consultants Limited, Registrars and Share Transfer Agents, "Kanapathy Towers",
Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.

