Sakthi Finance
Since 1955

SAKTHI FINANCE LIMITED

Our Company was originally incorporated as "The Pollachi Credit Society Private Limited" on March 30, 1955 under the Indian Companies Act 1913. The Company was later converted into a public limited company and the name of our Company was changed to "Sakthi Finance Limited" on July 27, 1967 vide a fresh Certificate of Incorporation obtained from Registrar of Companies, Madras. The Corporate Identity Number of our Company is L65910TZ1955PLC000145. The PAN of our Company is AADCS0656G. For further details of changes in Registered Office of our Company, refer Chapter titled "***History and Certain Corporate Matters***" beginning on page 115 of this Prospectus. Our Company is registered as a Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act 1934 (2 of 1934) and has been classified as an "Investment and Credit Company- Deposit-Taking" and have been issued a Certificate of Registration Number 07-00252 in pursuance of the same.

Registered Office: 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu
Tel No: +91 (422) 2231471-474/4236200; **Fax No:** +91 (422) 2231915; **Website:** www.sakthifinance.com
Company Secretary and Chief Compliance Officer: Shri S. Venkatesh; **Tel No**: +91 (422) 4236207; **Email**: svenkatesh@sakthifinance.com
Chief Financial Officer: Sri Srinivasan Anand; **Telephone No.**: +91 (422) 4236301; **E-mail**: sanand@sakthifinance.com
Statutory Auditors: M/s CSK Prabhu & Co., Chartered Accountants (FRN 002485S)
Address: F4, Fourth Floor, Srivari Kikani Centre 2, Krishnaswamy Mudaliar Road, Coimbatore - 641 002
Telephone No.: +91 (422) 2552437/2553932; **Email:** csk@cskprabhu.com; **Contact Person:** Shri CSK Prabhu

PUBLIC ISSUE BY SAKTHI FINANCE LIMITED ("THE COMPANY" OR "ISSUER") OF RATED SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("NCDs") FOR AN AMOUNT NOT EXCEEDING ₹ 5,000 LAKH (HEREINAFTER REFERRED TO AS THE "BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION FOR AN AMOUNT NOT EXCEEDING ₹ 5,000 LAKH, AGGREGATING TO AN AMOUNT NOT EXCEEDING ₹ 10,000 LAKH (HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE"). . THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER AS AMENDED AND TO THE EXTENT NOTIFIED AND THE SEBI OPERATIONAL CIRCULAR. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTERS

Dr. M. Manickam - Telephone: +91 (422) 2221991; **Email:** mmanickam@sakthisugars.com; **Mr. M. Balasubramaniam - Telephone:** +91 (422) 4236200**; Email:** balumahalingam@sakthifinance.com For further details, refer to the Chapter ***"Our Promoters"*** on page 135 of this Draft Prospectus.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the Section titled **"*Risk Factors*"** from page 17 to page 36. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any Registrar of Companies or any Stock Exchange in India or do they guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

Investment in debt securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the Draft Prospectus including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under "***Risk Factors***" on page 17 of the Draft Prospectus and "***Material Developments***" on page 149 of the Draft Prospectus. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities or investor's decision to purchase such securities. This Draft Prospectus has not been and will not be approved by any regulatory authority in India, including SEBI, the Reserve Bank of India ("**RBI**"), RoC or any stock exchange in India nor do they guarantee the accuracy or adequacy of this document.

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

For Details relating to Coupon Rate, Coupon Payment frequency, Redemption Date and Redemption amount, please refer Chapter titled ***"Issue Structure"*** beginning on Page 150 of this Draft Prospectus. For details relating to Eligible Investors, please refer the Chapter titled ***"The Issue Procedure"*** *on* page 179 of this Draft Prospectus.

CREDIT RATING

The NCDs proposed to be issued by our Company have been rated by ICRA Limited ("**ICRA**"). ICRA has *vide* its Ref. No. ICRA/Sakthi Finance Limited/18032022/1 dated March 18,2022 read with the rating rationale dated March 22, 2022 assigned a rating of **"[ICRA] BBB (Stable)"** for an amount up to ₹ 10,000 lakh. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold the NCDs and investors should take their own decisions. Please refer to ***Annexure C*** of this Draft Prospectus for rationale for the above rating.

ICRA
A MOODY'S INVESTORS SERVICE COMPANY

Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025
Phone: +91-22-61143406; **Email:** amit.gupta@icraindia.com; **Website**: www.icra.in
Contact Person: Mr. Amit Kumar Gupta

LISTING

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

PUBLIC COMMENTS

The Draft Prospectus dated March 25, 2022 was filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations to be kept open for public comments for a period of seven Working Days (i.e., until 5 p.m.) on April 04, 2022. No comments were received on the Draft Prospectus until 5 p.m. on (*).

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE*
Dalmia Securities Private Limited	LINK Intime	CATALYST Believe in yourself... Trust us!
DALMIA SECURITIES PRIVATE LIMITED Khetan Bhavan, Room No. 17, 2nd Floor, 198, Jamshedji Tata Road, Mumbai – 400 020 **Tel No:** +91 (22) 45117200/205/216 **Email:** sfl.ncd@dalmiasec.com **Website:** www.dalmiasec.com **Investor Grievance Email:** grievances@dalmiasec.com **Contact person:** Mr. S. Jeyakumar **Compliance Officer:** Mr. Mohit Saluja **SEBI Registration No:** INM000011476 **CIN**: U67120WB1993PTC060525	**LINK INTIME INDIA PRIVATE LIMITED** C-101, First Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 **Tel No:** 91 (22) 4918 6200; **Fax No:** 91 (22) 4918 6195 **Email :** sakthifinance.ncd2022@linkintime.co.in **Website:** www.linkintime.co.in **Investor Grievance Email:** sakthifinance.ncd2022@linkintime.co.in **Contact person:** Ms. Shanti Gopalkrishnan **Compliance Officer:** Ms. Shanti Gopalkrishnan **SEBI Registration No:** INR000004058 **CIN :** U67190MH1999PTC118368	**CATALYST TRUSTEESHIP LIMITED** 'GDA House', First Floor, Plot No 85 Bhusari Colony (Right), Paud Road, Pune – 411 038 **Tel No:** + 91 (20) 66807200; **Fax No:** + 91 (20) 25280275 **Email:** dt@ctltrustee.com **Website:** www.catalysttrustee.com **Investor Grievance Email:** dt@ctltrustee.com **Contact person:** Ms. Pallavi Kulkarni **Compliance Officer:** Ms. Rakhi Kulkarni **SEBI Registration No:** IND000000034 **CIN**: U74999PN1997PLC110262

ISSUE PROGRAMME**

ISSUE OPENS ON	[DAY], [•][•], 2022	ISSUE CLOSES ON	[DAY], [•][•], 2022

* Catalyst Trusteeship Limited has, vide its letter dated February 28, 2022, given its consent for its appointment as Debenture Trustee to the Issue, pursuant to Regulation 8 of the SEBI NCS Regulations and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. Refer **Annexure D** of this Draft Prospectus.

** The Issue shall remain open for subscription on all working days from 10:00 a.m. till 5:00 p.m. (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or NCD Issuance Committee thereof. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

A copy of the prospectus shall be filed with the Registrar of Companies, Tamilnadu, Coimbatore **("ROC")** in terms of Section 26 and 31 of the Companies Act 2013, along with the endorsed or certified copies of all requisite documents. For more information, see the Chapter titled **"*Material Contracts and Documents for Inspection*"** on page 275 of this Draft Prospectus.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

Company related terms

Term	Description
"Issuer", "SFL", "our Company", "the Company" "Our" "Us" or "We"	Sakthi Finance Limited, a public limited company incorporated under the Indian Companies Act 1913, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the RBI Act 1934 and has been classified as an Investment and Credit Company - Deposit taking. Our Registered Office is at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Articles /Articles Of Association / AoA	Articles of Association of Sakthi Finance Limited, as amended
Asset and Liability Management	Asset and Liability Management of Sakthi Finance Limited
ALM Committee	Assets Liability Management Committee of the Board of Directors
Audit Committee	Audit Committee of the Board of Directors
Board / Board of Directors	Board of Directors of our Company or any Committee duly authorized to act on their behalf.
Chief Financial Officer	Sri Srinivasan Anand, the Chief Financial Officer of our Company
Chief Operating Officer	Sri K S Venkitasubramanian, the Chief Operating Officer of our Company
Company Secretary and Chief Compliance Officer	Sri S. Venkatesh, the Company Secretary and Chief Compliance Officer of our Company
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Board of Directors
Director(s)	Director(s) on the Board of our Company.
Expected Credit Loss / ECL	ECL, is a probability weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate.
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each.
Group Companies	Includes such companies, other than Promoter(s), Subsidiary/Subsidiaries, with which there were related party transactions, during the period for which financial information is disclosed in this Draft Shelf Prospectus, as covered under the applicable accounting standards and also other companies as considered material by the Board of the Company.
Independent Director	A Non-executive, independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations, who are currently on the Board of our Company.
Key Managerial Personnel / KMP	Key Managerial Personnel of our Company as disclosed in this Draft Prospectus and appointed in accordance with Key Managerial Personnel, as defined under Section 2(51) of the Companies Act 2013
Limited Review Report/LRR	Limited Review Report dated November 13, 2021 given by our Statutory Auditors, M/s. CSK Prabhu & Co, Chartered Accountants, on the unaudited financial results for the half year ended September 30, 2021.
Memorandum / Memorandum of Association / MoA	Memorandum of Association of Sakthi Finance Limited, as amended.
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act 1934
Net Owned Fund	In terms of section 45-IA of the RBI Act 1934, Net Owned Fund **("NOF")** of an NBFC means: (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company after deducting therefrom (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing (1)

	investments of such company in shares of its subsidiaries; companies in the same group; all other NBFCs; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to and deposits with subsidiaries of such company; and companies in the same group, to the extent such amount exceeds 10% of (a) above.
NCD Issuance Committee	The Committee constituted by our Board of Directors by a board resolution dated February 8, 2014 and reconstituted on February 13, 2021.
Net Worth	Net worth as defined in Section 2(57) of the Companies Act 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
NPA	Non-Performing Asset.
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Board of Directors.
Preference Shares	8.25% Redeemable Cumulative Preference Shares of our Company of face value of ₹ 100 each.
Promoters	The promoters of our Company, namely, Dr. M. Manickam and Sri. M. Balasubramaniam.
Promoter Group	Entities that are promoted and controlled by Dr. M.Manickam. Sri. M. Balasubramaniam, Sri. M. Srinivaasan, Smt. Karunambal Vanavaraayar and including ABT Investments (India) Private Limited, ABT Finance Limited, ABT Foundation Limited, ABT Industries Limited, Sakthifinance Financial Services Limited, Sakthi Financial Services (Cochin) Private Limited, Sakthi Finance Holdings Limited, Sakthi Realty Holdings Limited, Sakthi Sugars Limited, Sri Chamundeswari Sugars Limited, Sri Sakthi Textiles Limited and The Gounder and Company Auto Limited.
Reformatted Financial Statements as per Ind AS	Reformatted Statement of assets and liabilities of the Company as at September 30, 2021, March 31, 2021, March 31, 2020 and 2019 and the related reformatted statement of profits and losses and the reformatted statement of cash flows for the six months ended September 30, 2021 and for financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 as per Ind AS has been prepared on the basis of audited financial statements of the Company, till March 31, 2021 by our Company's then Statutory Auditors, M/s P K Nagarajan & Co, Chartered Accountants and unaudited financial results till September 30, 2021 has been approved by our Board of Directors at their meeting held on November 13, 2021 along with the Limited Review Report dated November 13, 2021 given by our Statutory Auditors, M/s. CSK Prabhu & Co, Chartered Accountants on the unaudited financial results for the half year ended September 30, 2021.
Registered Office	The registered office of the Company situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Risk Management Committee	Risk Management Committee of the Board of Directors.
RoC	The Registrar of Companies, Tamil Nadu, Coimbatore.
"₹" or "Rupees" or "Indian Rupees" or "Rs."	The lawful currency of the Republic of India.
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under Ind AS.
Stage 1 Provision	Stage 1 provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS.
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS.
Stage 2 Provision	Stage 2 provision are life-time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS.

Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS.
Stage 3 Provisions	Stage 3 provision are life time ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS.
Statutory Auditors/Auditors	M/s CSK Prabhu & Co, Chartered Accountants, Coimbatore (ICAI Registration No: 002485S) are our Statutory Auditors of our company with effect from September 30, 2021, M/s P K Nagarajan & Co, Chartered Accountants, Coimbatore were the Statutory Auditors of our company for FY 2021, 2020 and 2019.
Stakeholders' Relationship Committee	Stakeholders' Relationship Committee of the Board of Directors.
Tier-I Capital	Tier I Capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.
Tier-II Capital	Tier-II Capital includes the following: a) preference shares other than those which are compulsorily convertible into equity; b) revaluation reserves at a discounted rate of 55%; c) general provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of 1.25% of risk weighted assets; d) hybrid debt capital instruments; e) subordinated debt; and f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital to the extent the aggregate does not exceed Tier I Capital;
Whole-time Director	The whole-time Director on the Board of Directors our Company.

Issue related terms

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

Term	Description
Banker(s) to the Issue / Collection Bank(s) / Sponsor Bank	Collectively the Public Issue Account Bank and Refund Bank and Sponsor Bank, as specified on page 42
Base Issue / Base Issue Size	Public Issue of NCDs by our Company aggregating up to ₹ 5000 lakh
Basis of Allotment	The basis on which NCDs will be allotted to successful Applicants under the Issue and which is described in the Chapter titled ***"Issue Procedure-Basis of Allotment"*** on page 205
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881
Bidding Centres / Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Location for RTA and Designated CDP Locations for CDPs
Broker Centres	Broker Centres notified by pathe Stock Exchanges where Applicants can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the website of the Stock Exchange at **www.bseindia.com**
BSE	BSE Limited
Category I Investor (also termed as "**Institutional Investors**")	Persons eligible to apply to the Issue includes: ▪ Resident public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; ▪ State industrial development corporations; ▪ Provident funds, pension funds with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, authorized to invest in the NCDs; ▪ Insurance companies registered with IRDA; ▪ National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India; ▪ Mutual funds registered with SEBI; ▪ Alternative Investment Funds registered with SEBI subject to investment conditions applicable to them under the SEBI AIF Regulations; ▪ Resident Venture Capital Funds registered with SEBI; ▪ Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; and Insurance funds set up by and managed by the army, navy or air force of the Union of India or by the Department of Posts, GoI
Category II Investor (also termed as "**Non-Institutional Investors**")	Persons eligible to apply to the Issue includes: ▪ Companies within the meaning of section 2(20) of the Companies Act 2013; ▪ Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in NCDs; ▪ Co-operative banks, and regional rural banks incorporated in India; ▪ Trusts including public/private charitable/religious trusts settled and/or registered in India under applicable laws, which are authorized to invest in the NCDs; ▪ Resident Indian scientific and/or industrial research organizations, authorized to invest in the NCDs; ▪ Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), authorized to invest in the NCDs; ▪ Partnership firms formed under applicable laws in India in the name of the partners, authorized to invest in the NCDs; ▪ Association of Persons: and Any other incorporated and/or unincorporated body of persons
Category III Investor (also termed as "**High net-worth Individual Investors**")	▪ Resident Indian Individuals which include: Resident Indian Individuals and Hindu Undivided Families applying through the Karta for an amount aggregating to a value above ₹ 10 lakh across all series of NCDs in this Issue

Term	Description
Category (IV) Investor (also termed as "**Retail Individual Investors**")	▪ Retail Individual Investors which include: ▪ Resident Indian Individuals and ▪ Hindu Undivided Families applying through the Karta applying for an amount aggregating up to and including ₹ 10 lakh across all options of NCDs in the Issue and shall include retail individual investors who have submitted bids for an amount not more than ₹ 2 lakh in any of the bidding options in this issue (including HUFs applying through their karta and does not include NRIs) through UPI mechanism
Client ID	▪ Client identification number maintained with one of the Depositories in relation to the dematerialized account
CD / Collecting Depository Participant	▪ Depository participant as defined under the Depositories Act 2018 and registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations
Collecting Registrar and Share Transfer Agents/ Collection Centers/CRTAs	▪ Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt Application Circular
Credit Rating Agency	▪ The credit rating agency in connection with this Issue, namely ICRA Limited
Coupon Rate / Interest Rate	▪ The aggregate rate of interest payable in connection with the NCDs in accordance with the Prospectus. For further details, see ***"Issue Structure"*** on page 154
Dalmia Securities / DSPL	▪ Dalmia Securities Private Limited
"Debentures" or "NCDs"	▪ Rated, Secured Redeemable Non-Convertible Debentures of our Company of face value of ₹ 1,000 each, proposed to be issued by our Company in terms of the Prospectus
"Debenture Certificate(s)" or "NCD Certificate(s)"	▪ Certificate issued to the Debenture Holder(s) in case the Applicant has opted for physical NCDs based on request from the Debenture Holder(s) pursuant to rematerialisation
"Debenture Holder(s)" or "NCD Holder(s)"	▪ Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories
Debenture Trustee/ Trustee	▪ Trustee for the NCD Holders, in this case being Catalyst Trusteeship Limited
Debenture Trustee Agreement	▪ Agreement dated March 04, 2022 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue is agreed as between our Company and the Debenture Trustee
Debenture Trust Deed– Secured NCD Holders / Secured Debenture Trust Deed	▪ Trust deed to be entered into between the Debenture Trustee and the Company, which shall be executed within the time limit prescribed by applicable statutory and/or regulatory requirements, for creating appropriate security, in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon
Deemed Date of Allotment	▪ The Deemed Date of Allotment for the NCDs shall be the date on which the Board of Directors or NCD Issuance Committee thereof approves the allotment of NCDs or such date as may be determined by the Board of our Company and/or an NCD Issuance Committee thereof and notified to the Stock Exchange. All benefits under the NCDs including payment of interest will accrue to the NCD Holders from the Deemed Date of Allotment. The actual Allotment may occur on a date other than the Deemed Date of Allotment.
Demographic Details	On the basis of name of the Applicant, PAN details, Depository Participant's name, Depository Participant Identification Number and Beneficiary Account Number provided by the Applicants in the Application Form, the Registrar to the Issue will obtain from the Depositories the demographic details of the investor such as address, PAN, bank account details for printing on refund instruments or used for refunding through electronic mode, as applicable. The above Demographic Details would be used for all correspondence with the Applicants including mailing of refund instrument /Allotment Advice and printing of bank particulars on refund/interest instrument. ▪ These demographic details given by Applicant in the Application Form would not be used for any other purposes by Registrar.
Depositories Act	The Depositories Act 2018 as amended from time to time
Depository(ies)	National Securities Depository Limited (**"NSDL"**) and/or Central Depository Services (India) Limited (**"CDSL"**)
DP /Depository Participant	A depository participant as defined under the Depositories Act 2018

Term	Description
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=44 or at such other websites as may be prescribed by SEBI from time to time
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of this Prospectus following which the NCDs will be Allotted in the Issue
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange at **www.bseindia.com,** as updated from time to time
Designated Intermediary(ies)	Collectively, the Members of the Syndicate, sub-brokers, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange at **www.bseindia.com**, as updated from time to time
Designated Stock Exchange / Stock Exchange)	BSE Limited
Direct On-line Application	The application made using an on-line interface enabling direct application by investors to a public issue of debt securities with an on-line payment facility through a recognized stock exchange. This facility is available only for dematerialised account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct on-line applications mechanism of the Stock Exchange
Draft Prospectus	The Draft Prospectus dated March 25, 2022 filed by our Company with the Designated Stock Exchange for receiving public comments in accordance with the provisions of the SEBI NCS Regulations
Equity Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange in connection with the listing of the Equity Shares of our Company
Fugitive Economic Offender	Fugitive Economic Offender means an individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018)
ICRA	ICRA Limited
Ind AS	Indian Accounting Standards **("Ind AS")** notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India or Accounting Standards **("AS")** under Section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules 2016
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in the Prospectus. Please refer the Chapter titled ***"Terms of Issue – para on Interest and Payment of Interest"*** on page 166
Issue	Public issue by the Company of Rated, Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each, for an amount not exceeding ₹ 5,000 lakh as the Base Issue with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating to an amount not exceeding ₹ 10,000 lakh, on the terms and in the manner set out in the Prospectus.
Issue Closing Date	**(*)** or such early or extended date as may be decided by the Board or the NCD Issuance Committee.
Issue Opening Date	**(*)**
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms as specified in the Prospectus
Lead Broker(s)	**(*)**

Term	Description
Lead Manager / LM	Dalmia Securities Private Limited
Lead Manager MoU	Memorandum of Understanding dated March 14, 2022 executed between the Company and the Lead Manager
Lead Broker Agreement	Agreement dated (*) to be entered into amongst our Company, Lead Manager and Lead Brokers
Market Lot	1 (One) NCD
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date
Members of the Syndicate	Lead Manager and the Lead Brokers
Members of the Syndicate Bidding Centers	Members of the Bidding Centers established for acceptance of Application Forms
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty per cent) by NRIs including overseas trusts, in which not less than 60% (sixty per cent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Prospectus / Offer Document	The Prospectus dated **(*)** to be filed by the Company with the RoC, SEBI and Stock Exchange in accordance with the provisions of the Companies Act 2013 and the SEBI NCS Regulations read with any addendum / corrigendum thereto
Public Issue Account	An account(s) opened with the Banker(s) to the Issue to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement / Sponsor Bank Agreement	Agreement dated **** entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank, Sponsor Bank and the Lead Manager for appointment of Sponsor Bank in accordance with SEBI Operational Circular and for collection of the Application Amounts from ASBA Accounts and UPI mandates and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs, which shall be 15 (Fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Board of Directors / NCD Issuance Committee from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Company to the Stock Exchange, will be deemed as the Record Date.
Recovery Expense Fund	An amount that would be deposited by our Company with the Designated Stock Exchange (i.e. BSE) equal to 0.01% of the Issue Size, subject to a maximum of ₹ 25,00,000 at the time of making application for Listing.
Redemption Amount	As specified in the Prospectus
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in the Prospectus.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made
Refund Bank	The Banker to the Issue, with whom the Refund Account will be opened, which shall be specified in the Prospectus
Register of Debenture Holders/NCD Holders	The Register of Debenture Holders maintained in accordance with the provisions of the Companies Act 2013 and by the Depositories in the case of Debenture(s) held in dematerialised form, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act
Resident Indian Individuals	An individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
"Registrar to the Issue" or "Registrar" / RTA	Link Intime India Private Limited

Term	Description
Registrar Agreement	Agreement dated March 08, 2022 entered into between our Company and the Registrar to the Issue under the terms of which the Registrar has agreed to act as the Registrar to the Issue.
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as notified on September 2, 2015 and as enforced on December 1, 2015, as amended from time to time
"Self-Certified Syndicate Banks" or "SCSBs"	The banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45 or such other website as may be prescribed by the SEBI, from time to time. Additionally, the banks registered with SEBI, enabled for UPI Mechanism, list of which is available on **https://www.sebi.gov.in** or at such other web-link as may be prescribed by SEBI, from time to time.
Secured NCDs	NCDs offered under this Issue which are redeemable and will be secured by a charge on the assets of our Company, namely the NCDs issued under Option (*) Option (*) and Option (*), as detailed in the Prospectus
Secured Debenture Holder(s) / Secured NCD Holder(s)	The holders of the Secured NCDs whose name appears in the database of the Depository and/or the register of Secured NCD Holders (if any) maintained by our Company, if required under applicable law.
Security	Assets offered for creating security for the Secured NCDs under the Issue.
Specified Cities/Specified Locations	Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at **https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes** and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the issuer to act as a conduit between the Stock Exchange and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹ 200,000 and carry out any other responsibilities in terms of the UPI Mechanism Circular and as specified in this Draft Prospectus.
Subordinated Debt	Subordinated Debt means an instrument, which is fully paid-up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instrument's rate of discount: (a) up to one year 100%; (b) more than one year but up to two years 80%; (c) more than two years but up to three years 60%; (d) more than three years but up to four years 40%; (e) more than four years but up to five years 20%; to the extent such discounted value does not exceed fifty per cent of Tier I Capital
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members only in the Syndicate ASBA Application Locations instead of the Designated Branches of the SCSBs
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at **https://www.sebi.gov.in** and at such other websites as may be prescribed by SEBI from time to time
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?do

Term	Description
	RecognisedFpi=yes&intmId=45 Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Tenor	Tenor shall mean the tenor/period of the NCDs as specified in the Prospectus
Trading Members	Intermediaries registered with as a lead broker or a sub-broker under the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable bye-laws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange
"Transaction Registration Slip" or "TRS"	The slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer
Uniform Listing Agreement	The uniform listing agreement entered / to be entered into between the Stock Exchange and our Company, pursuant to the Listing Regulations and SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13 2015, in relation to the listing of the NCDs on the Stock Exchange
Unified Payment Interface (**"UPI"**)	Unified Payment Interface is an instant payment system developed by the National Payments Corporation India (**"NPCI"**). It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.
UPI ID	ID created on Unified Payment Interface **("UPI")** for single-window mobile payment system developed by the National Payments Corporation of India Limited **("NPCI")**
UPI Investor	An Applicant who applies with a UPI ID whose Application Amount for NCDs in the Issue is up to ₹ 2,00,000
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI and the subsequent debit of funds in case of Allotment.
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make Applications in the Issue, in accordance with SEBI Circular (SEBI/HO/DDHS/CIR/P/2020/233) dated November 23, 2020 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time.
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter/(s)	A Person/ (persons) or a company categorized as a wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such.
Working Day/(s)	Working Days means all days excluding Saturdays or Sundays or a holiday for commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays in India. Furthermore, for the purpose of post Issue Period, *i.e.* period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges excluding Saturdays and Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AADHAR	AADHAR is a 12 digit unique number which the Unique Identification Authority of India **("UIDAI")** will issue for all residents of India
AGM	Annual General Meeting

Term/Abbreviation	Description/ Full Form
AS	Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules 2006, as amended from time to time
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act 2013	Companies Act 2013 (to the extent notified) read with the rules framed by the Ministry of Corporate Affairs, Government of India
CRAR/CAR	Capital-to-Risk weighted Assets Ratio **("CRAR")** also referred to as Capital Adequacy Ratio (**"CAR"**)
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI policy dated October 15, 2020 issued by DIPP and the applicable regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017) made by the RBI prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, as amended from time to time.
FIIs/FII	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31st of that particular year
GDP	Gross Domestic Product
GoI or Government	Government of India
GVA	Gross Value Added
HUF	Hindu Undivided Family/(ies)
ICAI	The Institute of Chartered Accountants of India
IFSC	Indian Financial System Code
Income Tax Act/IT Act	Income Tax Act 1961
IRDAI	Insurance Regulatory and Development Authority of India
IREDA	The Indian Renewable Energy Development Agency Limited
ISIN	International Securities Identification Number
IST	Indian Standard Time
LIC	Life Insurance Corporation of India
LLP	Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding
MoF	Ministry of Finance, GoI
MCA	Ministry of Corporate Affairs, GoI
SRTOs/MRTOs	Small / Medium Road Transport Operators
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations 2008
NR or "Non-resident"	A person resident outside India, as defined under FEMA
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number

Term/Abbreviation	Description/ Full Form
PAT	Profit After Tax
PF	Provident Fund
QFI(s)	Qualified Foreign Investors, as defined under the RBI A.P. (DIR Series) Circular No. 8 dated August 9, 2011 issued by the RBI
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RBI Master Directions	Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and other Master Directions issued by RBI, from time to time.
Resident Indian individuals	An individual who is a person resident in India as defined in the FEMA
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012, as amended from time to time
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended from time to time
SEBI LODR Regulations 2015 / Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended from time to time
TDS	Tax Deducted at Source
UPI	Unified Payment Interface
USA	United States of America
USD	US Dollar

Business / Industry related terms

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

Notwithstanding the foregoing:

1. In the Section titled **"*Risk Factors*"** beginning on page 17, defined terms have the meaning given to such terms in that Section.
2. In the Chapter titled **"*Statement of Possible Tax Benefits*"** beginning on page 62, defined terms have the meaning given to such terms in that Chapter
3. In the Chapter titled **"*Our Business*"** beginning on page 101, defined terms have the meaning given to such terms in that Chapter.
4. In the Chapter titled "***Financial Statements*"** beginning on page 141, defined terms have the meaning given to such terms in that Chapter.
5. In the paragraph titled ***"Disclaimer Clause of the SEBI*"** on page 223 and **"*Disclaimer Clause of the BSE*"** on page 224 in the Chapter titled **"*Other Regulatory and Statutory Disclosures*"** beginning on page 223, defined terms shall have the meaning given to such terms in those paragraphs.
6. In the Chapter titled **"*Pending Proceedings and Statutory Defaults"*** beginning on page 212, defined terms has the meaning given to such terms in that Chapter.
7. In the Chapter titled **"*Key Regulations and Policies*"** beginning on page 240, defined terms have the meaning given to such terms in that Chapter.
8. In the Chapter titled "**Main Provisions of Articles of Association of the Company**" beginning on page 258, defined terms have the meaning given to such terms in that Chapter.

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

Certain conventions

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

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

Presentation of Financial Information

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

Our Company publishes its financial statements in Rupees lakhs. Our Company's audited financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 have been prepared in accordance with Ind AS financial information including the Accounting Standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, as amended.

Our audited financial statements for the years ended March 31, 2021, 2020 and 2019 have been audited by M/s. P.K. Nagarajan & Co, Chartered Accountants, Coimbatore, who were our Statutory Auditors for the above stated period.

Our unaudited financial statements for the six months ended September 30, 2021 have been prepared in accordance with the Ind AS notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 and were approved by our Board of Directors at their meeting held on November 13, 2021. These have been subject to a Limited Review by our Statutory Auditors M/s. CSK Prabhu & Co, Chartered Accountants, Coimbatore vide their report dated November 13, 2021.

The Reformatted Ind AS Financial Information are included in this Draft Prospectus and collectively referred to hereinafter as the "Reformatted Financial Statements".

The examination reports on the Reformatted Financial Statements along with the LRR are included in this Draft Prospectus in the Section titled "***Financial Information"*** beginning at page 138 of this Draft Prospectus.

Unless stated otherwise or unless the context requires otherwise, the financial data: (a) as at and for the year ended March 31, 2021, 2020 and March 31, 2019 and (b) for the six months ended September 30, 2021 and used in this Draft Prospectus is derived from our Reformatted Financial Statements.

The financial data and numbers used in this Draft Prospectus are derived from the Reformatted Financial Statements which are based on audited financial statements prepared under Ind AS, as specifically mentioned in this Draft Prospectus and is not strictly comparable. Further, financial information for the quarter and six months ended September 30, 2021 is not indicative of full year results and are not comparable with annual financial information.

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

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

Exchange rates at end of the period

(₹)

Currency	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
1 US$	74.26	73.50	75.38	69.17

(Source: www.rbi.org.in and http://www.fbil.org.in)

Industry and Market Data

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

FORWARD-LOOKING STATEMENTS

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

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

For further discussion of factors that could cause our actual results to differ, refer Section titled ***"Risk Factors"*** on page 17 of this Draft Prospectus. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapters ***"Industry Overview", "Our Business***" and Section titled ***″Legal and Other Information″*** on page 79, 98 and 212 respectively of this Draft Prospectus. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

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

SECTION II: RISK FACTORS

An investment in NCDs involves a certain degree of risk. The risk factors set out below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. Prospective investors should carefully assess and evaluate the risks and uncertainties described below, in addition to the other information contained in this Draft Prospectus including Our Business (page 98) and Financial Information (page 138) before making an investment decision relating to the NCDs.

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

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

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

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

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

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

Certain information in this section includes extract from the ICRA Research Report- Retail-NBFC Credit Trends of October 2021. Neither our company, the Lead Manager, the Debenture Trustee, nor any other person connected with the Issue has independently verified such industry and third party information. For more information please see "Industry Overview" on Page 79.

Prospective Investors are advised to read the following risk factors carefully before making an investment in the NCDs offered in this Issue. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved.

INTERNAL RISK FACTORS

Risks relating to our Company and its Business

1. ***The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.***

The rapid and diffused spread of the coronavirus (COVID-19) which was first reported in 2019 and global healthconcerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity, asset quality and growth. A rapid increase in severe cases and deaths wheremeasures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world. The COVID-19 outbreak has impacted our business, cash flows, results of operations and financial condition wherein our revenues have been deteriorated over a period. Further, actions have been taken to mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals including but not limitedto the initiation of vaccination drives. The COVID-19 pandemic has affected us in a number of ways as mentionedbelow, and we expect the potential magnitude and duration of each to be severe:

- our customers may default on loan and other payments or other commitments. Our delinquency ratios may substantially increase and our asset quality may deteriorate.

- pursuant to RBI's notification no. RBI/2019-20/186 dated March 27, 2020 and notification no. RBI/2019-20/244 dated May 23, 2020, we have granted moratorium on payment of all instalments falling due between March 1, 2020 and August 31, 2020 (the "Moratorium Period") to all eligible borrowers who have requested the moratorium. The RBI has also clarified that accounts which benefit from the Moratorium Period will not be classified as NPAs if the accounts have any instalments that fall overdue during the Moratorium Period. Further, as a result of this pandemic, the credit performance and repayment behaviour of customers' needs to be monitored closely and, in the event that the impact of the pandemic is more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of the financial assets.

- the RBI on August 6, 2020 issued a "Resolution Framework for COVID-19-related Stress" ("Resolution Framework") with an intent to facilitate revival of various identified sectors related activities and mitigate the impact of COVID-19 on certain classes of borrowers. The Resolution Framework provides the lending institutions a window for one-time restructuring of eligible corporate exposures. The loan restructuring facility pursuant to the Resolution Framework is available to certain borrowers which are eligible and have financial stress on account of COVID-19 as per the Resolution Framework. Since some of our borrowers may not be eligible under this Resolution Framework, the level of NPAs in our portfolio may increase which may adversely affect our business and financial performance.

- the RBI on May 5, 2021 issued a "Resolution Framework-2.0 for COVID-19-related Stress" ("Resolution Framework 2.0") with an intent to alleviating the potential stress to individual borrowers and small businesses. The measures are broadly in line with the Resolution Framework with suitable modifications. Resolution Framework 2.0 provides the lending institutions permission to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as standard upon implementation of the resolution plan subject to the specific conditions.

- the RBI on April 7, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020 in conformity with the Supreme Court judgement dated March 23, 2021 in the matter of Small Scale Industrial Manufacturers Association vs Union of India & Ors. and other connected matters ("Supreme Court judgement"). Further, the circular stated that in order to ensure that the Supreme Court judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended March 31, 2021. There is no assurance that the payments due on such loans will be made or these loans will not be classified as NPAs in the future.

- An overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. In addition, economic deterioration could lead to significantly higher interest rates for our customers which could increase the number of customers who face difficulty paying the amounts due on their loans. This could lead to a potential increase in late payments and loan defaults, ultimately reducing our cashflow.

- Retail borrowers may be particularly adversely affected by COVID-19 and its impact on the Indian economy, which could lead to increased customer defaults, leading to an increase in the levels of our NPAs.

- There is no guarantee that we and the Indian financial services industry in general, notwithstanding measures taken by the government, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 outbreak. Further, if as a consequence of COVID-19, certain banks or NBFCs are unable to meet their market commitments, this can impact investor confidence in NBFCs generally and result in a loss to investors in the NBFC. A liquidity shortage for the industry as a whole may also adversely impact our short to medium term cash flows.

- our branch level and other operations will be disrupted by social distancing, split-team, work from home and quarantine measures. Further, on account of the restrictions ordered by the Government of India, a number of our offices and employees have been working from home/ different locations utilising remote working technologies. As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated. In particular, we face heightened cyber- security risks with a large proportion of our employees working from home. The requirement to work from home or from remote locations have required changes to be made to certain operating procedures, which are relatively new. Any unforeseen weaknesses in these processes exposes us to operational risk.

- our stress testing, changes in loan disbursement, and other measures to address the effects of the COVID-19 pandemic may not capture the full impact of the actual stress.

- the recovery process could be delayed due to delay in pronouncement of judgements, shortage of staff and other operating reasons. These delays are expected to increase the timeline for recovery of our assets and thereby impacting the financial and operating position of our Company. Similarly, there could be delays for conducting due diligence, delays to register the charge and other important documents on account of the pandemic.

- As on September 30,2021, a majority of our Company's operations is concentrated in the States of Southern India, Tamil Nadu (79.51% of total operations), Kerala (15.60% of total operations) Karnataka (1.97% of total operations), and Andhra Pradesh and Telangana (2.92% of total operations). With the COVID-19 pandemic affecting the rural and urban areas alike, notifications by Government on fresh curbs had impacted the operations in these regions during second wave, largely in terms of sanctioning of new loans and cash collection. The business showed an uptick during the second and third quarters of current FY 2021-2022. However, the onset of third wave with Omicron variant, and in the event of further rise in the Covid cases in future, and in the event of the Government taking measures which may restrict our operations, we cannot assure that the business might not be affected.

It is possible that COVID-19 will lead to a prolonged global economic crisis or recession. We believe that the COVID-19 outbreak will present at least the following challenges to India's financial services industry this year: (a) uncertainties over the duration and the severity of the COVID-19 pandemic; (b) a downturn in the global economy and impact to India's economy; (c) weakening purchasing power because of weak economic growth; and (d) worsening asset quality due to weak economic condition.

Any of these factors could have a material adverse effect on our results of operations and financial condition, including its revenues, costs structure, liquidity, cash flows, asset quality and growth.

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

Our Company is involved in certain legal proceedings, including civil suits, consumer cases and tax disputes which typically arise in the normal course of business. These legal proceedings are pending at various levels of adjudication before various courts/ forum, regulatory authorities and tribunals. Our Company has been incurring cost in defending these proceedings. Any adverse orders in these proceedings may have an impact on our financial condition. For the details, please refer to Chapter titled **"*Pending Proceedings and Statutory Defaults*"** beginning on page 212 of the Prospectus.

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

The promoter directors of our Company are also Promoter Directors in Sakthi Sugars Limited **("SSL")**, one of the group companies listed in BSE and NSE. SSL has as on December 31, 2021 loan outstanding to the Banks / FI / Asset Reconstruction Companies aggregating ₹ 42,941 lakh (Principal) and ₹ 63,910 lakh (Interest). The loans are secured, *inter alia*, by personal guarantees of the Promoter Directors of our Company. The Loans are in default and legal action has been threatened and / or taken by some lenders. ARCIL, in the capacity as trustee of some of the lenders, has also invoked the Pledge Agreement under which SSL had pledged its shareholding of 6,38,59,934 equity shares in Sakthi Auto Component Limited. Subsequently, ARCIL transferred the shareholding to its own name.

In the past, separate applications were filed by Bank of India and Punjab National Bank and an FCCB holder by name Mr. SanyaRajan Sahani before Hon'ble NCLT, Chennai Bench for admission of SSL into Insolvency and Bankruptcy Code 2016. All these applications stand withdrawn as on date by the Creditors on account of compromise entered into. There have been subsequent defaults in honouring the payments as per the compromise.

In respect of the above, a Petition bearing No. CP (IB) No. 522 of 2019 has been filed before the National Company Law Board, Chennai, by Bank of India, a Financial creditor under Section 7 of the Insolvency and Bankruptcy Code 2016 in view of default committed by SSL to the tune of ₹ 2,17.43 cr as on 7.3.2019. OTS terms were reached with OTS figure arrived at ₹ 150.43 cr and time for OTS payment extended till 30.09.2021. Based on OTS terms, Bank of India filed a withdrawal memo, seeking liberty to file afresh in the event the Corporate Debtor fails to repay as agreed. Based on the withdrawal memo order has been passed on 20.9.2019 dismissing the application with a clarification that the Creditor bank is entitled to proceed against SSL by filing a fresh application if SSL should default OTS terms. There has been a subsequent default in the payment of OTS terms

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

4. Our Company's promoter directors are promoters of Group Company in which two of their creditors have filed petitions before the Debt Recovery Tribunal ("DRT") for recovery of their dues. Any adverse outcome on any of the applications before DRT for recovery of dues may have an impact on the financials of our promoter directors.

Sakthi Sugars Limited **("SSL"),** one of the Group Companies was sanctioned loans for an amount aggregating to ₹ 6,216.96 lakhs by Sugar Development Fund for meeting the shortfall in the Promoters contribution for setting up of 35 MW and 25 MW bagasse-based cogeneration plant at Sivaganga and Modakurichi respectively with IFCI as Nodal and Monitoring Agency. IFCI has made a claim for ₹ 6,806.80 lakhs against SSL before DRT, Chennai in O.A. No. 9 of 2018. The application is yet to be disposed off. SSL has filed a Written Statement and is contesting it. SSL has taken a stand that the OA is not maintainable before DRT, Chennai. SSL has also pleaded that representations have been made by the Tamil Nadu Sugar Mills Association of which it is a member, to Government of India, seeking relief and withdrawal of legal proceedings, explaining the various factors which have affected the sugar industry in Tamil Nadu. The OA is pending.

It may be mentioned that ARCIL a defendant in the above OA, seeking security cover for a sum of ₹ 680 crores, filed an Attachment Before Judgment Application for SSL's shareholding in Sakthi Auto Components Limited. Management of SSL, after discussion with ARCIL has created pledge of shares held by SSL in Sakthi Auto Component Ltd (19.81%) to avert the Attachment before Judgement Application and ARCIL has since invoked the pledge and effected transfer of pledge to shares.

PNB has filed an application O.A. No. 414 of 2018 before DRT, Coimbatore for recovery of a sum of Rs. 5,751.13 lakh from the SSL together with interest. Dr. M Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, ABT Investments India Pvt Ltd and Mrs.Karunambal Vanavaraayar have been impleaded as parties to the said OA.

Dr. M Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, have given personal guarantees. SSL has made a proposal for OTS and PNB has sanctioned the same. The Bank has agreed to withdraw the application. There has been a default in the payment of OTS amount as per the sanction. SSL is in discussion with PNB for extension of time for payment of OTS.

ARCIL has filed an application before DRT, Coimbatore in OA 958 of 2021 against SSL, Dr.Manickam, Sri.Balasubramaniam, Mr.Srinivasan, M/s ABT Limited. The OA is for recovery of Rs. 776.20 Crores together with interest. The proposal for OTS submitted by SSL had been sanctioned by the Bank. There has been a default in making payment as per the OTS. SSL is stated to be in discussion with ARCIL for extension of time. The Pleadings are yet to be filed by the Defendants.

Any adverse outcome on any of the applications before DRT for recovery of dues may have an impact on the financials of our promoter directors

5. One of our group companies has defaulted in payment to the bond holders of the Foreign Currency Convertible Bonds ("FCCB"), leading to filing of Petition before NCLT. In the event of the petition getting admitted against the group company, it might have an impact on the financials of our promoter directors, which in turn, may have an impact on our company.

Sri. Kailash Bulchandani, an FCCB Bond holder, holding bonds for a nominal value of US $ 400,000 has filed Application No. IBA 1432 of 2019 before NCLT, Chennai claiming that the consent Order passed by Madras HC in CP. No. 212 of 2012 as being defaulted by SSL. SSL was disputing on the ground that the consent Order mandates as Condition Precedent, RBI approval, which has been since received. Consequently, SSL also deposited the sum of ₹ 8 crores being the approximate Rupee equivalent of the claim amount, on Orders of NCLT. The sum already deposited would be paid to the Claimant as and when the Authorised dealer permits the payment. The NCLT application shall be treated as closed only upon final settlement.

Any default in making the payment may lead to admission of the Company into CIRP by NCLT and may have an adverse impact on the financials of Sakthi Sugars Limited and the Promoter Directors of our Company.

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

The promoter directors of our Company are also Promoter Directors in Shri Chamundeswari Sugars Limited, one of the group companies, which has repaid the loan outstanding to the Banks and Financial Institutions. However, as at December 31, 2021, there are defaults to IREDA, Sugar Development Fund and Government of Karnataka Interest Free Purchase Tax Loans, the loans are secured, *inter alia*, by personal guarantees of the Promoter Directors of our Company. However, GOI had announced a restructuring proposal vide notification No. GSR885 (E) dated September 17, 2018 for SDF loans.

The company has submitted restructuring proposal to SDF/IFCI /and the Sugar Development Fund **("SDF")**. The company has also approached IREDA for restructuring of the loan and IREDA's decision is pending in this regard.

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

7. One of our promoter Directors have furnished personal guarantees for loans availed by an associate company, which has defaulted in repayment of the loans. Any adverse action by the creditors will have an impact on our promoter director.

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

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

In the said Arbitration application, the Arbitration Tribunal has passed an award dated 21.12.2021 that Mr. M. Manickam is liable to pay sums as may remain outstanding under the Personal Guarantee after share charge proceeding viz. Proceedings pending by way of claims filed by ABT Auto Investments Limited(United Kingdom) before the High court of England and Wales are disposed of finally.

The Claim of AAPICO before the Arbitration Tribunal is for a sum of USD 122.423 Million. However, whether any amount would remain payable by Mr.Manickam and if so what amount, remains uncertain, and will get crystallised only based on the outcome of share charge proceedings pending before UK Court.

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

Additional amount gets crystalized, if any, on the above order, will have an impact on the financial position of Dr. M Manickam, his shareholding in SFL other Group companies and in turn affect the operations and financial position of the Group companies, including SFL, of which he is a promoter director.

AAPICO has secured an award dated 06.10.2021 in SIAC Arb. No. 326 of 2019 from SIAC Arbitration Tribunal against ABT Auto Investments Limited UK and Sakthi Auto Component Limited inter alia to the effect that AAPICO is entitled to have control of Board of SACL proportionate to 77.04% shareholding. The ceding of control on the SACL, would have an impact on the financial position of Dr. Manickam.

(For details, refer Section "***Legal and Other information***" on page 212)

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

IBA/873 of 2019 has been filed before the National company Law Tribunal, Division Bench, Chennai under Section 7 of the Insolvency and Bankruptcy Code 2016 by M/s. Asset Reconstruction Company (India) Limited (ARCIL) for initiation of Corporate Insolvency Resolution Process against M/s ABT Madras Private Limited on the ground that M/s. ABT Madras Private Limited has defaulted in repaying an amount of Rs.507,97,10,877. NCLT admitted the application and subsequently has passed an Order dated 03.09.2021 sanctioning a Resolution Plan under which ABT Madras Private Limited was merged with Baashyaam Infrastructure Private Limited (BIPL). Dr. M.Manickam, one of the Promoter Directors, had given Personal guarantee for the borrowings initially from DHFL which was assigned to ARCIL. In terms of Clause 4.10 of the Resolution plan sanctioned by NCLT, this personal guarantee was assigned to Baashyaam Infrastructure Private Limited.

The enforcement of the personal guarantee may have adverse impact on the financials of the Promoter Director.

9. We have been subject to RBI inspection and any adverse findings may affect our business and operations.

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

Based on the supervisory inspection for the year ended March 31, 2017, our company received a Show Cause Notice **("SCN"),** under Section 58(G) of RBI Act 1934 vide letter DNBS (Che) 258/13.18.028/2018-19 dated August 31, 2018 proposing to impose penalty for violation of Fair Practices Code **("FPC")** Guidelines. Our Company represented the matter to the Committee of Executive Directors, which has, subsequent to a personal hearing, accepted our stand and decided not to impose any penalty in this regard.

The supervisory inspection for the year ended March 31, 2021, has been completed by RBI in February 2022 and RBI has forwarded the inspection report. Our Company has discussed with RBI on the above report and RBI would shortly communicate the compliance to be adhered to by Our Company on certain aspects.

Based on the supervisory inspection for the years ended March 31, 2019, March 31, 2020 and March 31, 2021, RBI has observed certain divergence in provisions and in accepting portion of certain resources raised by our company as eligible resource for treatment as capital for capital adequacy purposes. Our company has replied to these divergences and clarified the position.

While our company takes utmost care to comply with regulatory requirements of RBI, we are unable to assure that the RBI or any other regulatory authority will not make similar or additional observations in future or that we will be able to respond to all such queries to the satisfaction of the RBI or such other authorities.

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

For the period ended December 31, 2021, contingent liabilities, amounting to (i) ₹ 9.83 lakh towards Income Tax issues which are pending before the Assessing Officer of Income Tax, Coimbatore and (ii) ₹ 1,328.29 lakh towards Service Tax has been demanded by the Central Excise Authorities.

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

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

Our results of operations are substantially dependent upon the level of our net interest margins. A significant component of our income is derived from hire purchase finance operations, which comprise more than 90% of our total revenue for FY 2021,2020, and 2019.

We borrow funds on both fixed and floating interest rates. A majority of our liabilities, such as our secured / unsecured redeemable non-convertible debentures, subordinated debt, fixed deposits and term loan from financial institutions carry fixed rates of interest and the remaining borrowings from banks are linked to the respective bank’s benchmark Marginal Cost based Lending Rate / Base Rates. As on December 31, 2021, around 89% of our total borrowings were at fixed rates of interest. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates and in amounts and for periods which may differ from our funding sources. Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase correspondingly with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

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

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

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

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

The RBI in its Master Direction-Non-Banking Financial Company-Systemically Important Non-Deposit-Taking Company and Deposit-Taking Company (Reserve Bank) Directions, 2016 vide DNBR.PD.008/03.10.119/2016-17 September 01, 2016 (updated from time to time) issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures (Refer Annexure XXI - Guidelines on Private Placement of NCDs (maturity more than 1 year) by NBFCs), which has resulted in limiting our Company's ability to raise fresh debentures on private placement basis.

Further RBI, vide its Master Direction DNBR.PD.002/03.10.119/2016-17 dated August 25, 2016 (updated as on February 22, 2019) issued certain guidelines about the limit for acceptance of deposits across the sector, restricting it to 1.5 times of Net Owned Funds **("NoF")** and also with minimum investment grade credit rating from the credit rating agencies. As on September 30, 2021, our Company has public deposit amounting to ₹ 12981.13 lakh (including interest accrued but not due, unclaimed deposits on maturity less unamortized cost), being 0.81 times of NoF (₹ 15,984.17 lakh), which is well within the stipulations of RBI restrictions. Our Fixed Deposits are rated as MA- (Stable) as rated by ICRA Limited.

During the inspection for FY 2018-2019 and FY 2019-2020, RBI in its supervisory inspection report has observed that certain amount of subordinated debt issued on private placement basis, would not be falling within the category of subordinated debt and treated them as Public deposits. On account of such reckoning, RBI indicated that the ratio of public deposit to NOF threshold of 1.5 times stands breached. In the reply to the above observation, our company has reiterated the fact that the sub-ordinated debt issued by the Company had complied with the characteristics of sub-ordinated debts as prescribed by RBI and also indicated that the company has stopped issuing fresh sub ordinated debt instruments.

This has resulted in limiting the company's ability to accept fresh deposits or renewal of existing deposits. As a result of the above circulars, our Company has reduced the dependence on raising the funds through privately placed subordinated debts and fixed deposits and will have to depend on other sources which could be more expensive, onerous and difficult to source. This might have an impact on the cost of funds and profitability.

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

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

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

Our gross NPAs (i.e. Gross Stage 3 assets) as a percentage of total loan assets were 5.68%, 4.95%, 5.13% and 5.05% as at September 30,2021 March 31, 2021, March 31, 2020, and March 31, 2019 respectively, while our net NPAs (i.e. Net Stage 3 Assets) as a percentage of loan assets were 2.55% , 2.30%, 2.81% and 2.94% as at September 30, 2021, March 31, 2021, March 312020, and March 31, 2019 respectively. (Source: RBI Returns).

We cannot be sure that we will be able to maintain/ improve our collections and recoveries in relation to our Stage 3 Assets, or otherwise adequately control or reduce our level of Stage 3 Assets in future and also might not be sure that we will be able to adequately control or reduce our level of Expected Credit Loss **("ECL")** in future.

Moreover, as our loan portfolio increases, we may experience greater defaults in principal and/or interest repayments. Further, in certain cases where a customer has delayed payments but has demonstrated the ability to continue servicing the relevant loan in near future, we do not enforce the security and seize the vehicle/other underlying assets, and allow the loan to continue without restructuring it. Such cases affect the position of our asset quality and provisioning/ ECL. There can also be no assurance that in such cases the customer would not continue to delay / default in making payments, which could adversely affect our profitability and cash flows. Thus, if we are not able to control or reduce our level of Stage 3 Assets / ECLs, the overall quality of our loan portfolio may deteriorate and our results of operations and/or cash flows may be adversely affected.

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

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

Our customer portfolio principally consists of SRTOs/MRTOs with underdeveloped banking habits generally are less financially resilient than larger corporate borrowers and as a result, they can be more adversely affected by declining economic conditions. The owners and/or operators of commercial vehicles financed by us often do not have any credit history supported by tax returns and other related documents which would enable us to assess their credit worthiness. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nation-wide credit bureau has only recently become operational in India. Accordingly, there is less financial information available about the creditworthiness of individuals particularly our client segment who are mainly from the low-income group and who typically have limited access to other financing sources. It is, therefore, difficult to carry out precise credit risk analysis on our clients. Although we follow certain procedures to evaluate the credit profile of our customers at the time of sanctioning a loan, we generally rely on the referrals from the local trucking community/existing customers and value of the commercial vehicle provided as underlying collateral rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management mechanisms and controls measures are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly of borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations, financial condition and/or cash flows.

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

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

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

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

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

As at September 30,2021, we had a total outstanding debt of ₹ 110474.98 lakh, (including Redeemable Cumulative Preference Shares which are treated as debt as per Ind AS) and we will continue to incur additional indebtedness in future. Most of our borrowings are secured by our immovables, hire purchase receivables and other assets. Our significant indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates;

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

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

18. Our financing arrangements contain restrictive covenants that may adversely affect our business and operations

Some of our financing agreements also include various conditions and covenants that require us to obtain lenders consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require, and may be unable to obtain consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge and raising funds by way of any fresh capital issue etc. For further details on the restrictive covenants under the financing arrangement, refer Chapter titled "***Financial Indebtedness***" on page 139 of this Draft Prospectus.

19. We face increasing competition in our business which may result in declining margins, if we are unable to compete effectively

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

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

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

We have been operating in vehicle financing segment through our branch network spread mainly across Southern region of India. At present, we originate around 93% of our business from the States of Tamil Nadu and Kerala and balance from other States namely, Karnataka, Andhra Pradesh and Union Territory of Puducherry. Further, we believe that there is still good potential and growth available in Southern region of India from our existing as well as new customers and, intend to strategically expand our reach in target markets only. Our concentration in the Southern States exposes us to any adverse geological, ecological, economic and/or political circumstances in this region as compared to other NBFCs that have a pan India presence. If there is a sustained down-turn in the economy of Southern India or a sustained change in consumer preferences in those regions our business operations may be adversely affected.

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

In recent years, we have experienced stable growth. Our growth strategy includes growing our loan book and expanding our customer base. There can be no assurance that we will be able to sustain our growth strategy successfully. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. We also face a number of operational risks in executing our growth strategy. We have experienced stable growth in our commercial vehicle finance business, our branch network has expanded gradually and we are entering into new, smaller towns and cities within Southern part of India as part of our growth strategy. Our growth strategy exposes us to a wide range of increased risks, including business risks, such as the possibility that number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. It will also place significant demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

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

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

Rating Agency	Instruments	Rating	Limit (₹ lakh)
ICRA Limited	Non-convertible debenture (Proposed)	[ICRA] BBB (Stable)	10,000
ICRA Limited	NCD (Listed and Unlisted)	[ICRA] BBB (Stable)	49,780
ICRA Limited	Fund Based Term Loan	[ICRA] BBB (Stable)	8,310
ICRA Limited	Fund Based Long Term Facilities from Banks - Cash Credit (CC)	[ICRA] BBB (Stable)	13,166
ICRA Limited	Fund Based Interchangeable (as a sub limit of Cash Credit)	[ICRA] BBB (Stable) / [ICRA] A2	6,866
ICRA Limited	Short Term Facilities from Banks – WCDL	[ICRA] A2	10,000
ICRA Limited	Fixed Deposits	MA- (Stable)	-

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and as a result, would adversely affect our business and net interest margin. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any financing or refinancing arrangements in future.

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

We have demonstrated stable growth in our business and in our profitability. Our assets under management have increased from ₹ 95149.43 lakh as at March 31, 2019 to ₹ 1,10,897.65 lakh as at September 30,2021.

Pursuant to RBI notification dated February 17, 2011, all deposit-taking NBFCs have to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II Capital, which shall not be less than 15% of its aggregate risk weighted assets of on-balance sheet and risk adjusted value of off-balance sheet items w.e.f. March 31, 2012. Further, pursuant to RBI circular dated November 10, 2014, all NBFCs-D, shall maintain minimum Tier I Capital of 10% (w.e.f. March 31, 2017). Our capital adequacy ratio computed on the basis of applicable RBI requirements was 23.12%, 22.52% 21.91%, and 22.35% as at September 30,2021, March 31, 2021, March 31, 2020 and March 31,2019, with Tier I Capital at 13.59% ,13.05% ,12.88% and 13.22%, respectively.

If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to our business. RBI, in its supervisory inspection for the year 2019-20 had observed that certain portion of Subordinated Debt raised by us cannot be classified as Sub-debt for the purpose of computing capital for determining the CRAR and we have made our submission to RBI in this regard and have also refrained from issuing privately placed sub-ordinated debt till RBI provides clarity on the same.

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

24. System failures or inadequacy and security breaches in computer systems may affect our business.

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

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

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

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

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

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

(₹ lakh)

For the period ended	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
Particulars				
Net cash from / (used in) Operating activities	2741.60	639.39	(13595.35)	(1799.53)
Net cash from / (used in) Investing activities	(9874.94)	174.46	475.00	447.86
Net cash from / (used in) Financing activities	6410.38	(562.53)	10876.37	946.74
Cash and cash equivalents at the beginning of the year	1364.11	1112.79	3359.77	3764.70
Cash and cash equivalents at the end of the year	641.15	1364.11	1112.79	3359.77

(Source: Annual Reports filed with BSE and the restated Financial Statements). For further details, please see ***"Financial Information"*** on page 138 of this Draft Prospectus. We are not in a position to assure you that our net cash flows will be positive in future.

27. We may be unable to adequately protect our intellectual property rights since our logo and/or tagline are currently not registered and therefore do not enjoy any statutory protection. Furthermore, we may be subject to claims alleging breach of third-party intellectual property rights.

We have made application for registration of logo and tag line of our Company under Trade Marks Act, 1999.We have received the registration certificate in Malayalam. Since our logo and tag line are not yet registered, in other languages viz. Tamil, Telugu and English. We do not enjoy statutory protection of our intellectual property rights for other than Malayalam language.

We may need to litigate in order to determine the validity of any claims and the scope of the proprietary rights of others. Any such litigation could be time consuming, costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate timely steps to enforce or protect our intellectual property rights. Furthermore, we may be subject to claims alleging breach of third-party intellectual property rights.

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

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be of a totally different nature than the past or greater than the historical measures adopted. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not, in all cases, be accurate, complete, current or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFC and vehicle finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will be able to successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

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

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

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

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

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

As at December 31,2021, our promoters and promoter group own in aggregate 67.02% of our equity share capital. So long as the promoters and promoter group hold a majority of our Company's Equity Shares, they will be able to control most of the matters affecting our Company, including the appointment and removal of directors, business strategy and policies, any determinations with respect to mergers, business combinations and acquisitions, dividend payout and financing. Further, the extent of promoters and promoter group shareholding may result in delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the Company.

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

Some of our Directors and Key Management Personnel may be regarded as having business interests in our Company other than reimbursement of expenses incurred, normal remuneration or benefits. Some of our Directors may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Directors and our Key Management Personnel will exercise their rights as shareholders to the benefit and best interests of our Company. For further details, please refer Chapters titled ***"Capital Structure"*** and ***"Our Management"*** on pages 47 and 120 respectively of this Prospectus.

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

Our Company has entered into certain transactions with promoters, promoter group companies / entities and directors. While we believe that all our related party transactions are on arm's length basis only, we cannot assure that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that our Company may enter into related party transactions in future. Any future transactions with our related parties could potentially involve conflict of interest. For details regarding the related party transactions, refer to Section titled **"*Financial Statements – Para- Related Party Disclosures*"** on page F72 of this Draft Prospectus.

34. Some of our Group Companies have incurred losses in the recent past.

Some of our major Group Companies have incurred losses in recent fiscals as indicated below:

(₹ lakh)

Name of Group Company	Details of Profit / (Loss)		
	FY2021	**FY 2020**	**FY 2019**
Sakthi Sugars Limited	(11720.92)	(20572.95)	(21325.07)
Sri Chamundeswari Sugars Limited	437.35	581.55	(267.46)

Ind AS is the basis of Accounting for computation of profit for All 3 FYs indicated above.

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

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

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

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

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

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

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

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

Under the RBI Master Circular on bank finance to NBFCs issued from time to time ,the exposure (both lending and investment, including off-balance sheet exposures) of a bank to a single NBFC-ICC (Formerly Asset Financing Companies since reclassified as Investment and Credit Companies) should not exceed 15% of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on such a single NBFC-ICC up to 20% of their capital funds provided the exposure in excess of 15% is on account of funds on-lent by the NBFC-ICC to the infrastructure sector. This limits the exposure that banks may have on NBFCs such as ours, which may restrict our ability to borrow from such banks and may increase our cost of borrowing, which could adversely impact our growth, business and financial condition.

Further, as per the circular issued by RBI on Scale Based Regulation ,the exposure (both lending and investment, including off-balance sheet exposures) of the NBFC exposure to an individual should not exceed 25% of the Tier I capital as per its last audited balance sheet and for Group it shall not exceed 40% of the Tier I capital funds. In the event of any adverse impact on our Tier 1 capital, we may not be able to meet the above norms which might have an impact on our performance and operations.

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

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

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

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

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

The land on which our registered office is built was acquired by our Company on lease basis from Sri M. Srinivaasan, Director of our Company in terms of a lease agreement executed on March 31, 1986 for a period of 30 years which ended on February 29, 2016. The lease has since been continuously renewed by way of an agreement entered into between our Company and Sri. M. Srinivaasan from time to time. If the owner of the land, in future does not renew above lease agreement at all or on terms and conditions acceptable to us, we may suffer a disruption in administration, till we identify and shift to another location, which could adversely affect our business, financial condition and results of operations.

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

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

Further, some of our lease agreements with our Lessors may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered as inadmissible as evidence in a Court in India, may not be authenticated by any public officer, or attract penalty as prescribed under applicable law, which impact our ability to enforce these agreements effectively, which may result in a material adverse effect on the continuance of the operations and business of our Company.

41. Non-obtention of certain renewals/ licenses for operation of our owned/ leased offices.

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

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

As on December 31, 2021, we have 510 employees on our rolls. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

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

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

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

We cannot assure that we will be able to pay dividends at any point in future. For details of dividend paid by our Company in the past, please see Chapter titled ***"Other Regulatory and Statutory Disclosures"*** on page 223 of this Prospectus.

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

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

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

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

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

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

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

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

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

47. We may rely on direct selling agents (DSAs)/partners to sell our products across the country. These DSAs may not perform their obligations satisfactorily or in compliance with law or may be part of unlawful/unethical behavior which may adversely affect the business and reputation of our Company.

We enter into direct selling arrangements with DSAs/partners for the purpose of marketing and selling our products across India. Although adequate due diligence is conducted before entering into any DSA arrangement with any person, we cannot guarantee that there shall be no disruptions in the provision of their services to our Company or that these DSAs/partners will adhere to their contractual obligations. If there is a disruption in the services of these DSAs/partners, or if the DSAs/partners discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute between our Company and the DSAs/partners, we cannot assure you that the terms of the agreements/arrangements entered into with the DSAs/partners will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with other DSAs/partners, may materially and adversely affect our business, financial condition and results of operations. Further, our DSAs/partners or the personnel they employ may be engaged in unethical or unlawful behaviour or they may misrepresent or mis-sell our products and services. Due to this, we may also suffer from reputational and legal risks and these actions may materially and adversely affect our business, financial condition and results of operations.

48. We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.

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

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

Risks relating to the utilization of Issue proceeds

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

We intend to use the net proceeds for the purposes described in Chapter titled **"*Objects of the Issue*"** on page 57 of Draft Prospectus. Our management will have broad discretion to use the net proceeds and the investor will be relying on the judgment of our management regarding the application of these net proceeds. Our funding requirements are based on current conditions and are subject to change in the light of changes in external circumstances or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest-earning liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

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

Risks relating to the NCDs

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

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been actually issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuance of NCDs to be submitted and carrying out of necessary procedures with the Stock

Exchange. There could be a failure or delay in listing the NCDs on the Stock Exchange. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchange, our Company will immediately repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to this Prospectus. Any failure or delay in obtaining the approval would restrict an investor's ability to trade in the NCDs. There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchange in a timely manner, or at all.

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

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, *i.e.* when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, credit rating of the issuer, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

3. ***Investors may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

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

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

4. ***Any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.***

The NCDs proposed to be issued by our Company have been rated by ICRA Limited ("**ICRA**"). ICRA has, *vide* its letter dated March 18, 2022, assigned a rating of "[ICRA] BBB (Stable)" for an amount up to ₹ 10,000 lakh for the NCDs. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. Any downgrade of our credit ratings would increase borrowing costs and restrict our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. The ratings provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to ***Annexure C*** (page 284) for the rationale for the above rating.

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

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

6. ***There may be a delay in making refunds to Applicants.***

We cannot assure that the monies refundable, on account of (a) withdrawal of applications, (b) our failure to receive minimum subscription in connection with the Issue, (c) withdrawal of the Issue, or (d) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

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

This Prospectus includes certain unaudited financial information in relation to our Company, for the nine (9) months ended December 31,2021 (as per Ind AS) in respect of which the Statutory Auditors of our Company have issued their LRR dated February14, 2022 and further issued an examination report dated March 12, 2022 for the 6 months ended September 30,2021 along with the reformatted financial statements for the last 3(Three)financial years.

As this financial information has been subject only to limited review as required by Regulation 33 of the Listing Regulations and as described in Standard on Review Engagements (**SRE**) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the quarter / six months period ended September 30,2021, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Prospectus.

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

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

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

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

10. ***The Issuer, being a listed company, is not required to maintain debenture redemption reserve (“DRR”).***

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

EXTERNAL RISK FACTORS

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

Our business to a large extent depends on the continued growth in the automobile and transportation industry in India, which is influenced by a number of extraneous factors which are beyond our control, *inter alia*, including but not limited to (a) the macroeconomic environment in India, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies in connection with motor vehicles. Such factors may result in a change in the sales or value of new and pre-owned Commercial Vehicles **(“CV”)**. Correspondingly, the demand for availing finance for new and pre-owned commercial vehicles may decline, which in turn may adversely affect our financial condition and the results of our operations. Further, the ability of CV owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the aforesaid factors.

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

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

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

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

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

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

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

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

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

India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and tsunami in recent years. India has been going through a severe pandemic for the last 2 years. These economies could be affected by the extent and severity of such natural disasters and pandemics may affect the financial services sector, of which our Company is a part. Prolonged spells of abnormal rainfall, drought and other natural calamities may have an adverse impact on the economy, our business and the price of our NCDs.

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

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

6. Trade deficits could adversely affect our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. In the 9 months of fiscal year 2022 (April to December 2021), India experienced a trade deficit of US$ 143.97 bn as against US$ 60.76 bn (April-December 2020) {Source: GoI Ministry of Commerce and Industry Press release dated January 03, 2022}. If trade deficits increase or are no longer manageable, the Indian economy suffers, and therefore our business and our financial performance could be adversely affected.

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

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

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

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

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

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

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totaled US$ 631920 million as on March 11,2022 (Source: RBI Website as on March 11, 2022 accessed on March 15,2022). A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition.

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

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

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

SECTION III: INTRODUCTION

GENERAL INFORMATION

Sakthi Finance Limited

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

NBFC Registration

Our Company holds a certificate of registration dated April 17, 2007 (issued in lieu of earlier certificate dated May 08, 1998) bearing registration no. 07-00252 issued by the RBI to carry on the activities of an NBFC under Section 45-IA of the RBI Act as a "NBFC - Investment and Credit Company" (formerly classified as "Asset Finance Company"). For further details regarding changes in the name and registered office of our Company, please refer, ***"History and Certain Corporate Matters"*** on **page 115.** For further details regarding the business of our Company, please refer, "***Our Business*** on **page 98.**

Registered and Corporate Office

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

Registrar of Companies

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

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

Registration Details

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

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

For information on the Company's main objects, please refer the Section titled "***History and Certain Corporate Matters – Main Objects of our Company***" on page 118 of this Draft Prospectus. The Memorandum of Association of the Company is a material document for inspection in relation to the Issue. For further details, refer the Section titled "***Material Contracts and Documents for Inspection***" on page 275 of this Draft Prospectus.

Liability of the members of the Company
Liability of members is limited by shares.

Director (Finance and Operations) and CFO

Dr. S. Veluswamy
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641018, Tamil Nadu
Tel : +91 (422) 4236206
Email : svelusamy@sakthifinance.com

Chief Financial Officer

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

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

Chief Operating Officer

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

Sri. K S Venkitasubramanian
Chief Operating Officer
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641018, Tamil Nadu
Tel : +91 (422) 4236210
Email : venkitasubramanian@sakthifinance.com

Company Secretary and Chief Compliance Officer

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

Sri. S. Venkatesh
Company Secretary and Chief Compliance Officer
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore – 641018, Tamil Nadu
Tel : +91 (422) 4236207
Fax : +91 (422) 2231915
Email : svenkatesh@sakthifinance.com

Lead Manager to the Issue

Dalmia Securities Private Limited
"Khetan Bhavan"
Room No. 17, Second Floor
198, Jamshedji Tata Road
Mumbai – 400020
Tel : + 91 (22) 45117200/205/216
Email : sfl.ncd@dalmiasec.com
Website : www.dalmiasec.com
Investor Grievance Email : grievances@dalmiasec.com

Contact person : Mr. S. Jeyakumar
Compliance Officer : Mr. Mohit Saluja
SEBI Registration No : INM000011476
CIN : U67120WB1993PTC060525

Debenture Trustee

Catalyst Trusteeship Limited
"GDA House"
First Floor, Plot No 85
Bhusari Colony (Right), Paud Road, Kothrud
Pune – 411038
Tel : + 91 (20) 66807200
Fax : + 91 (20) 25280275
Email : dt@ctltrustee.com
Website : www.catalysttrustee.com
Investor Grievance Email : dt@ctltrustee.com
Contact person : Ms. Pallavi Kulkarni
Compliance Officer : Ms. Rakhi Kulkarni
SEBI Registration No : IND000000034
CIN : U74999PN1997PLC110262

Catalyst Trusteeship Limited has, pursuant to Regulation 8 of SEBI NCS Regulations, by its letter dated February 28, 2022, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue. Please refer **"Annexure D"** of this Draft Prospectus.

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

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park, First Floor, L.B.S. Marg
Vikhroli (West)
Mumbai 400 083, Maharashtra
Tel : + 91 (22) 49186200
Fax : + 91 (22) 49186195
Email : sakthifinance.ncd2022@linkintime.co.in
Website : www.linkintime.co.in
Investor Grievance Email: sakthifinance.ncd2022@linkintime.co.in
Compliance Officer: Ms. Shanti Gopalkrishnan
Contact Person: Ms. Shanti Gopalkrishnan
SEBI Registration No: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited has, by its letter dated February 28, 2022, given its consent for its appointment as the Registrar to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

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

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Options of NCDs applied for, amount paid on application, Depository Participant name and client identification number and the collection centre of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than

Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

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

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

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

Statutory Auditors

M/s CSK Prabhu & Co
Chartered Accountants
F4, Fourth Floor
Srivari Kikani Centre
2, Krishnaswamy Mudaliar Road
Coimbatore - 641 002
Tel : (+91) 0422 2552437/2553932
Website : www.cskprabhu.com
Contact Person: Sri. CSK Prabhu
Email : csk@cskprabhu.com
Firm Registration No: 002485S (Date of Appointment as Statutory Auditors: September 30, 2021)

Legal Counsel to the Issue

M/s Ramani & Shankar
Advocates
"Brindavan"
152 Kalidas Road, Ramnagar
Coimbatore – 641009
Tel No : +91 (422) 2231955/2232179
Email : legal@ramaniandshankar.com

Lenders to our Company:

Banks	
State Bank of India Commercial Branch "Krishna Towers " No 1087/ A-F, Avinashi Road Coimbatore – 641018 **Tel :** +91 (422) 2663302 **Fax :** +91 (422) 2663333 **Email :** sbi.07536@sbi.co.in	**The Karnataka Bank Limited** 52, Ground Floor, Oppanakkara Street Coimbatore – 641001 **Tel** : + 91 (422) 2398548 **Fax** : +91 (422) 2391025 **Email** : coimbatore@ktkbank.com
Central Bank of India Coimbatore Main Branch 14/15, Variety Hall Road Coimbatore - 641 001 Tel : +91 (422) 2398083 Email : bmcoim0908@centralbank.co.in	**DBS Bank Limited (formerly The Lakshmi Vilas Bank Limited)** No 1, Head Quarters Road, First Floor, Uppilipalayam Coimbatore - 641018 **Tel :** +91 (422) 2300630/ 2300643 **Email :** upplipalayam_bm@lvbank.in

Bank of India Coimbatore Main Branch "Star House" 324, Oppanakara Street Coimbatore - 641001 **Tel** : +91(422) 2380215 /2396272 **Email :** coimbatore.coimbatore@bankofindia.co.in	**Indian Overseas Bank** Large Corporate Branch No. 10 Kannusamy Street R S Puram Coimbatore - 641002 **Tel** : + 91 (422) 2544212; **Fax** : + 91 (422) 2544213 **Email :** iob2670@iob.in
Canara Bank 7/100, Cross Cut Road Gandhipuram Coimbatore - 641012 **Tel** : + 91 (422) 2230174/2231950 **Email :** cb1206@canarabank.com	**IndusInd Bank Limited** Second Floor 34 G N Chetty Road T. Nagar, Chennai - 600 017 **Tel** : +91 7032975893 **Email :** balaji.tatikonda@indusind.com

Other Financial Institutions
Shriram Transport Finance Corporation Ltd. Mookambiaka Complex, Third Floor 4 Lady Desika Road, Mylapore, Chennai 600 004 **Tel** : +91 (044) 24990356 **Fax** : +91 (044) 27580176 **Email :** Mahendra.r.@stfc.in

Credit Rating Agency

ICRA Limited
Building No. 8, Second Floor
Tower A, DLF Cyber City, Phase II
Gurgaon - 122002
Tel : +91 (124) 4545300
Fax : +91 (124) 4050424
Email : amit.gupta@icraindia.com
Website : www.icra.in
Contact person : Mr. Amit Kumar Gupta
SEBI Registration No : IN/CRA/008/2015

Credit Rating and Rationale

The NCDs proposed to be issued by our Company have been rated by ICRA Limited (**"ICRA"**). ICRA has, *vide* its letter no. Ref No. ICRA/Sakthi Finance Limited/18032022/1 dated March 18, 2022, assigned a rating of "[ICRA] BBB (Stable)" for an amount not exceeding ₹ 10,000 lakh for the proposed NCDs. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Please refer to ***Annexure C*** of this Draft Prospectus for rationale for the above ratings.

Disclaimer Clause of ICRA Limited

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

Bankers to the Issue

Public Issue Account Bank, Refund Bank and Sponsor Bank

HDFC Bank Limited
FIG OPS Department
Lodha 1 Think Techno Campus O-3 Level,
Next to Kanjur Marg Railway Station
Kanjurmarg (East), Mumbai 400 042
Tel **:** (022) 30752927/28/14
Fax **:** (022) 25799801
Email **:** Tushar.Gavankar@hdfcbank.com
Website **:** www.hdfcbank.com
Contact Person: Tushar Gavankar/ Siddarth Jadhav
SEBI Registration Number: INBI00000063

Recovery Expense Fund

Our Company has already created a recovery expense fund in the manner as specified by SEBI in Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Lead Broker(s) to the Issue

[*]

Designated Intermediaries
Self-Certified Syndicate Banks

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

Syndicate SCSB Branches

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at **www.bseindia.com**. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (**www.sebi.gov.in**) and updated from time to time.

Impersonation

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

"Any person who:

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

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly, a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013".

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

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

Underwriting

The Issue is not underwritten.

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. Under Section 39(3) of the Companies Act, 2013, read with Rule 11(2) to the Companies (Prospectus and Allotment of Securities) Rules, 2014, if the above stated minimum subscription amount is not received within 30 days from the date of issue of the Prospectus, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period.

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

Utilisation of Issue proceeds

a. Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;
b. The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.
c. Details of all monies utilised out of the Issue referred above shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;

d. Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;
e. Our Company shall utilize the Issue proceeds only upon (i) receipt of minimum subscription, (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013 (iii) Receipt of the listing and trading approval from the Stock Exchange and (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Prospectus in the Chapter titled "Issue Structure", beginning on Page 150;
f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property;
g. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and
h. The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

Issue Schedule

ISSUE PROGRAMME*	
ISSUE OPENS ON	**(*)**
ISSUE CLOSES ON*	**(*)**
PAY IN DATE	**(*)**
DEEMED DATE OF ALLOTMENT	**(*)**

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

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

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Application Forms will only be accepted on Working Days during the Issue Period.

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

THE ISSUE

*The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the Chapter titled "**Terms of the Issue**" beginning on page 158.*

COMMON TERMS FOR ALL OPTIONS OF NCDs*

Issuer	Sakthi Finance Limited
Lead Manager	Dalmia Securities Private Limited
Debenture Trustee	Catalyst Trusteeship Limited
Registrar to the Issue	Link Intime India Private Limited
Issue	Public Issue of Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,000 each **("NCDs")** for an amount not exceeding ₹ 5,000 lakh (hereinafter referred to as the "**Base Issue**") with an option to retain over subscription for an amount not exceeding ₹ 5,000 lakh, aggregating to an amount not exceeding ₹ 10,000 lakh (hereinafter referred to as the **"Overall Issue Size**").
Base Issue	₹ 5,000 lakh
Option to retain Over-subscription Amount	Up to ₹ 5,000 lakh
Overall Issue Size	Up to ₹ 10,000 lakh
Minimum Subscription	₹ 3,750 lakh
Type and Nature of instrument	Secured NCDs of face value of ₹ 1,000 each
Mode of issue	Public Issue
Face Value (in ₹ / NCD)	₹ 1,000.00
Issue Price (in ₹ / NCD)	₹ 1,000.00
Minimum application size and in multiples of NCDs thereafter	₹ 10,000 (10 NCDs) collectively across all options and in multiples of ₹ 1,000 (one NCD) thereafter across all options.
Seniority	The claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The Secured NCDs would constitute secured obligations of ours and shall rank *pari passu inter se*, to the claims of other creditors of Company having same security.
Stock Exchange proposed for listing of the NCDs	BSE Limited **("BSE")** The NCDs shall be listed within 6 Working Days of Issue Closing Date. For more information, see Chapter titled ***"Other Regulatory and Statutory Disclosures – Listing"*** on page 223.
Mode of Allotment	In dematerialised form only
Mode of Trading**	NCDs will be traded only in dematerialised form
Trading Lot	One NCD
Depositories	NSDL and CDSL
Security	The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company, as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon) is maintained at all times till the maturity date. The assets are not charged and there are no other creditors sharing the security that is offered for the issue of Secured NCDs on *pari passu* basis.

SPECIFIC TERMS AND CONDITIONS IN CONNECTION WITH EACH OPTION OF NCDs

The NCDs being issued are in the form of Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each. The principal terms of each option of NCDs are set out below:

Options	**Various which will be finalised at the time of Issue of prospectus**
Frequency of interest payment	**Monthly/ Annual/ Cumulative which will be finalized at the time of Issued of prospectus**
Nature of Instruments	**Secured NCDs**
Category of Investor who can apply	**All categories of Investors (I, II, III and IV)**
Minimum application	**₹ 10,000 (10 NCDs) (for all options of NCDs, either taken individually or collectively)**
In multiples of	**₹ 1,000 (1 NCD) after minimum application**
Face value of Secured NCDs	**₹ 1,000**
Issue Price of Secured NCDs	**₹ 1,000**
Tenor from deemed date of allotment (in months)	**Will be finalized at the time of**
Coupon (%) for all Category of Investor(s)	**Will be finalized based on options**
Effective Yield (per annum) for all Category of Investor(s)	**Will be furnished**
Mode of interest payment	**Through various payment modes available**
Amount (₹) on maturity for all Category of Investor(s)	**Will be finalized based on options at the time of issue of prospectus**
Maturity Date (from Deemed Date of Allotment) (in months)	**Will be finalized based on options at the time of issue of prospectus**

In respect of Option (Monthly Interest payment), Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date and will be paid on monthly basis. Interest will be calculated from the 1st day till the last day of the month on an actual basis during the tenor of such NCDs and paid on the first working day of every subsequent month. For the first interest payment for NCDs under the monthly options, if the Deemed Date of Allotment is prior to fifteenth of that month, the interest for that month will be paid on the first day of subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first working day of the month next to that subsequent month.

@ Further, in case of Cumulative Options for the purpose of deduction of tax interest will be deemed to accrue every year and tax will be deducted on the accrued interest in each financial year, if required. With respect to Options where cumulative payment would be made at the time of redemption, the yield is calculated based on quarterly rest compounding for the full year period and based on monthly rest basis for the residual period.

** subject to applicable tax deducted at source, if any.*

Our Company shall allocate and allot Option (***) NCDs wherein the Applicants have not indicated their choice of the relevant NCD Option.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on December 31, 2021 is set out below:

	Share capital	Amount (₹ lakh)
A	**Authorised share capital**	
	10,00,00,000 Equity Shares of ₹ 10 each	10,000.00
	30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00
	Total	**13,000.00**
B	**Issued, subscribed and paid-up share capital**	
	6,47,05,882 Equity Shares of ₹ 10 each	6,470.59
	Total	**6,470.59**
C	**Securities premium as at December 31, 2021**	**1,429.80**

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

Notes to capital structure

1. ***Changes in the authorised share capital of our Company for the last three years preceding the date of this draft prospectus as on December 31, 2021***

   The details of changes in the authorised share capital of our Company during the last three (3) years as on December 31, 2021 are:

Date of shareholders meeting	Particulars of change	AGM / EGM
February 23, 2019	The authorised share capital of our Company was increased from ₹ 10,000 lakh divided into 7,00,00,000 equity shares of ₹ 10 each and 30,00,000 redeemable cumulative preference shares of ₹ 100 each to ₹ 13,000 lakh divided into 10,00,00,000 equity shares of ₹ 10 each and 30,00,000 redeemable cumulative preference shares of ₹ 100 each	Postal Ballot

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

During the Financial Year 2019-2020, our company had issued and allotted 1,47,05,882 Equity shares of face value ₹ 10 per share at ₹ 17 per share (including a premium of ₹ 7 per share) by way of Preferential Issue to the existing promoter group companies and other corporate body. The allotment was made on March 13, 2020 and the shares were listed on May 27, 2020 and trading approval for it was received on June 03, 2020. The entire proceeds of the preferential issue was utilized for the purpose for which the amount had been raised.

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

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

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (B)	Issue / (Redemption) price (B)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (B lakh)	Cumulative Preference Shares Premium (B lakh)
9% Redeemable Cumulative Preference Shares								
March 1, 2018	8,35,000	100	100	Cash	Private Placement	8,35,000	835.00	-
April 20, 2018	6,65,000	100	100	Cash	Private Placement	1,500,000	1,500.00	-
March 1, 2021	(8,35,000)	100	(100)	Cash	Private Placement	6,65,000	665.00	-
April 20, 2021	(6,65,000)	100	(100)	Cash	Private Placement	-	-	-

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (B)	Issue / (Redemption) price (B)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (B lakh)	Cumulative Preference Shares Premium (B lakh)
8.25% *Redeemable Cumulative Preference Shares*								
February 13, 2021	3,49,000	100	100	Cash	Private Placement	3,49,000	349.00	-
February 26, 2021	4,86,500	100	100	Cash	Private Placement	8,35,500	835.50	-
8.25% *Redeemable Cumulative Preference Shares*								
March 12, 2021	2,00,500	100	100	Cash	Private Placement	10,36,000	1,036.00	-
March 31, 2021	1,33,000	100	100	Cash	Private Placement	11,69,000	1,169.00	-
April 19, 2021	3,31,000	100	100	Cash	Private Placement	15,00,000	1,500.00	-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Summary Statement holding of specified securities as on December 31, 2021

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no of shares held	Shareholding as a % of total no. of shares (calcu-lated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding conver-tible securities (includ-ing Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+C)							
								Class: Equity	Class: NA	Total				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
A	Promoter & Promoter Group *	18	43363007	0	0	43363007	67.02	43363007	0	43363007	67.02	0	67.02	11255882	25.95	0	0	43363007
B	Public	10,581	21342875	0	0	21342875	32.98	21342875	0	21342875	32.98	0	32.98	0	0	0	0	14838602
C	Non Promoter Non Public	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
C1	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
C2	Shares held by Employees Trust	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0
	Total (A+B+C)	**10,599**	**64705882**	**0**	**0**	**64705882**	**100.00**	**64705882**	**0.00**	**64705882**	**100.00**	**0**	**100**	**11255882**	**17.40**	**0**	***0***	**58201609**

15. Statement showing Shareholding pattern of the Promoter and Promoter Group as on December 31, 2021

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. of shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX) – No of Voting rights – Class: Equity	No of Voting rights – Class: NA	No of Voting rights – Total	Total as a % of (A+B+ C)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares – No. (a)	Number of Locked in shares – As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered – No. (a)	Number of Shares pledged or otherwise encumbered – As a % of total Shares held (b)	Number of equity shares held in dematerialized form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(1)	**Indian**																	
(a)	**Individuals/ HUF**	**4**	**543668**	**0**	**0**	**543668**	**0.84**	**543668**	**0**	**543668**	**0.84**	***NA***	**0.84**	**0**	**0.00**	**0**	*NA*	**543668**
	Dr. M Manickam	1	92813	0	0	92813	0.14	92813	0	92813	0.14	*NA*	0.14	0	0.00	0	*NA*	92813
	Sri M Balasubramaniam	1	192000	0	0	192000	0.30	192000	0	192000	0.30	*NA*	0.30	0	0.00	0	*NA*	192000
	KarunambalVanavarayar	1	7500	0	0	7500	0.01	7500	0	7500	0.01	*NA*	0.01	0	0.00	0	*NA*	7500
	Sri M Srinivaasan	1	251355	0	0	251355	0.39	251355	0	251355	0.39	*NA*	0.39	0	0.00	0	*NA*	251355
(b)	Central / State Govt.	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	***NA***	**0.00**	**0**	**0.00**	**0**	***NA***	**0**
(c)	FI/ Banks	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	***NA***	**0.00**	**0**	**0.00**	**0**	***NA***	**0**
(d)	**Any Other (specify)**	**14**	**42819339**	**0**	**0**	**42819339**	**66.18**	**42819339**		**42819339**	**66.18**	***NA***	**66.18**	**11255882**	**26.29**	**0**	***NA***	**42819339**
	ABT Industries Ltd.	1	919926	0	0	919926	1.42	919926	0	919926	1.42	*NA*	1.42	0	0.00	0	***NA***	919926
	ABT Finance Ltd.	1	3331162	0	0	3331162	5.15	3331162	0	3331162	5.15	*NA*	5.15	3200000	96.06	0	*NA*	3331162
	ABT Foundation Ltd.	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	*NA*	3.83	0	0.00	0	*NA*	2475000
	ABT Investments (India) Pvt. Ltd.	1	8727400	0	0	8727400	13.49	8727400	0	8727400	13.49	*NA*	13.49	0	0.00	0	*NA*	8727400
	Sakthifinance Financial Services Ltd.	1	12420000	0	0	12420000	19.19	12420000	0	12420000	19.19	*NA*	19.19	4310000	34.70	0	*NA*	12420000
	Sakthi Realty Holdings Ltd.	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	*NA*	3.83	0	0.00	0	*NA*	2475000
	Sri Chamundeswari Sugars Ltd.	1	24000	0	0	24000	0.04	24000	0	24000	0.04	*NA*	0.04	0	0.00	0	NA	24000
	Sakthi Sugars Ltd.	1	1040000	0	0	1040000	1.61	1040000	0	1040000	1.61	*NA*	1.61	0	0.00	0	*NA*	1040000
	Sakthi Logistic Services Ltd.	1	5700	0	0	5700	0.00	5700	0	5700	0.00	*NA*	0.00	0	0.00	0	*NA*	5700
	Sakthi Financial Services (Cochin) Private Ltd.	1	7157128	0	0	7157128	11.06	7157128	0	7157128	11.06	*NA*	11.06	3745882	52,34	0	*NA*	7157128
	Sri Sakthi Textiles Ltd.	1	7000	0	0	7000	0.01	7000	0	7000	0.01	*NA*	0.01	0	0.00	0	*NA*	7000
	The Gounder and Company Auto Ltd.	1	3925000	0	0	3925000	6.07	3925000	0	3925000	6.07	*NA*	6.07	0	0.00	0	*NA*	3925000
	Estate of Late Dr. N Mahalingam	1	276023	0	0	276023	0.43	276023	0	276023	0.43	*NA*	0.43	0	0.00	0	*NA*	276023

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. of shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+ C)							
								Class: Equity	Class: NA	Total				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	Estate of late Mrs. M Mariammal	1	36000	0	0	36000	0.06	36000	0	36000	0.06	*NA*	0.06	0	0.00	0	*NA*	36000
	Sub Total 1	**18**	**43363007**	**0**	**0**	**43363007**	**67.02**	**43363007**		**43363007**	**67.02**	***NA***	**67.02**	**11255882**	**25.96**	**0**	***NA***	**43363007**
	Foreign	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Individuals (Non-resident individuals/ Foreign Individuals)	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Government	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Institutions	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Foreign Portfolio Investor	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Any Other (specify)	0	0	0	0	0	0.00	0	0	0	0.00	*NA*	0.00	0	0.00	0	*NA*	0
	Sub Total 2	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	***NA***	**0.00**	**0**	**0.00**	**0**	***NA***	**0**
	Total Shareholding of Promoter and Promoter Group (1) + (2)	**18**	**43363007**	**0**	**0**	**43363007**	**67.02**	**43363007**		**43363007**	**67.02**	***NA***	**67.02**	**11255882**	**25.96**	**0**	***NA***	**43363007**

16. Statement showing Shareholding Pattern of the public Shareholders as at December31, 2021

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+C)							
								Class: Equity	Class: NA	Total				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1)	**Institutions**																	
(a)	Mutual Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Fund	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investors	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0
(f)	Financial Institutions / Banks	2	900	0	0	900	0.00	900	0	900	0.00	*NA*	0.00	0	0.00	0.00	0	0.00
(g)	Insurances Companies	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00
(h)	Provident Funds / Pension Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00
(i)	Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00
	Sub-Total(B)(1)	**2**	**900**	**0**	**0**	**900**	**0.00**	**900**	**0**	**900**	**0.00**	***NA***	**0.00**	**0**	**0.00**	**0.00**	**0.00**	**0.00**
2)	**Central Government(s)**	0	0	0	0	0	0.00	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
3)	**Non Institutions**																	
(a)	Individuals - (i) Individual shareholders	**10289**	**3564447**	**0**	**0**	**3564447**	**5.5087**	**3564447**	**0**	**3564447**	**5.51**	**0**	**5.51**	**0**	**0.00**	**NA**	**NA**	**2693486**

Sl No	Category of shareholder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+ (V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
	holding nominal share capital up to ₹ 2 lakhs,																	
(b)	ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	23	1486411	0	0	1486411	2.30	1486411	0	1486411	2.30	0	2.30	0	0.00	*NA*	*NA*	1243261
(c)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Employee Trust	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(f)	Any Other Specify	267	16291117	0	0	16291117	25.18	16291117	0	16291117	25.18	*0*	25.18	0	0	0	0	10901855
	Sub Total (B)(3)	**10579**	**21341975**	**0**	**0**	**21341975**	**32.98**	**21341975**	**0**	**21341975**	**32.98**	***NA***	**32.98**	**0**	**0**	**0.00**	**0.00**	**14838602**
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	**10581**	**21342875**	**0**	**0**	**21342875**	**32.98**	**21342875**	**0**	**21342875**	**32.98**	***NA***	**32.98**	**0**	**0**	**0.00**	**0.00**	**14838602**

17. Top ten equity shareholders of our Company as on December 31, 2021

Sl No	Name of shareholder	No. of Equity Shares of face value of ₹ 10 each	No of Equity shares in dematerialized form	Total shareholding as a % of total no of equity shares
1	Sakthifinance Financial Services Limited	1,24,20,000	1,24,20,000	19.19
2	ABT Investments (India) Private Limited	87,27,400	87,27,400	13.49
3	Sakthi Financial Services (Cochin) Private Limited	71,57,128	71,57,128	11.06
4	Avdhoot Finance and Investment Private Limited	56,24,208	56,24,208	8.69
5	Bridgewater Investment Corporation Limited	44,50,000	44,50,000	6.88
6	Sakthi Management Services (Coimbatore) Limited	43,35,434	43,35,434	6.70
7	The Gounder and Company Auto Limited	39,25,000	39,25,000	6.07
8	ABT Finance Limited	33,31,162	33,31,162	5.15
9	Sakthi Realty Holdings Limited	24,75,000	24,75,000	3.83
10	ABT Foundation Limited	24,75,000	24,75,000	3.83
	Total	**5,51,70,332**	**5,51,70,332**	**85.27**

18. Top ten preference shareholders of our Company as on December 31, 2021

(a) 8.25% Redeemable Cumulative Preference Shares of ₹ 100 each

Sl No	Name of Shareholder	No. of Preference Shares of face value of ₹ 100 each	Total shareholding as a % of total no of Preference Shares
1	Sakthi Financial Services (Cochin) P Ltd	2,17,000	14.47
2	Nivethitha M	25,000	1.67
3	Subhadra Devi	20,000	1.33
4	Lalitha D	20,000	1.33
5	R Usha	20,000	1.33
6	Jayakrishnan R	20,000	1.33
7	Kamala Ramakrishnan	18,500	1.23
8	S Selva Chidambaram	16,000	1.07
9	ManjulaVaradarajan	15,000	1.00
10	Akhila Vijayaraghavan	15,000	1.00
	Total	**3,86,500**	**25.77**

19. Top ten holders of Secured and Unsecured, Redeemable Non-Convertible Debentures as on December 31, 2021

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

Sl No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Manoharan P	447.00	0.041
2	Jansi Rani Ramaswamy	388.10	0.035
3	Tarla H Malani	200.00	0.018
4	Kalidhas Makhalekshemi	180.00	0.016
5	Raghupathy Swaminathan	176.00	0.016
6	Selva Chidambaram S	145.00	0.013
7	Sakthi Financial Services (Cochin) Private Limited	125.00	0.011
8	Suganthy M	125.00	0.011
9	Mohansundari (Prop.Kayjay Sharp Trendys)	125.00	0.011
10	Bama R	125.00	0.011

(b) **Listed Secured and Unsecured Redeemable Non-Convertible Debentures: Public Issue 2019 (₹ 1,000 each)**

Sl No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Jansi Rani Ramaswamy	96.00	0.982
2	R Gurusamy	90.00	0.920
3	Samyuktha Vanavarayar	75.00	0.767
4	Vinodhini Balasubramaniam	70.00	0.716
5	A Kumaravelu	60.00	0.614
6	G Radha	60.00	0.614
7	R Kannaki Rajkumar	60.00	0.614
8	R Lalitha	52.00	0.532
9	D Baskaran (HUF)	50.00	0.511
10	Jude Kamil A	50.00	0.511

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

Sl No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Sockalingam Kalidhas	153.34	1.49
2	Sankari Gurupatham	135.00	1.31
3	S Senthil Saravanan	100.00	0.97
4	S Gomathy	75.00	0.73
5	Lalitha D	70.00	0.68
6	Brahmavidyanayaki	60.00	0.58
7	A Kumaravelu	50.00	0.49
8	Vijaya Shantha Priya	50.00	0.49
9	Vijayalakshmi T	50.00	0.49
10	Surendrakumar	50.00	0.49

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

Sl No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Karunambal Vanavarayar	300.00	1.51
2	Jansi Rani Ramaswamy	230.00	1.16
3	Achudan Bhuvana Mohan Soshma Pradeep Kumar	180.00	0.91
4	Saikumar B A	150.00	0.76
5	Anitha Shaikumar	133.00	0.67
6	Samyuktha Vanavarayar	120.00	0.60
7	Samyuktha N	100.00	0.50
8	R Lalitha	100.00	0.50
9	S K Vignnesh Athithya	100.00	0.50
10	Sankari Gurupatham	85.00	0.43

19 (a) **Top ten holders of privately placed Subordinated Debt I (₹ I each) instrument as on December 31, 2021**

Sl No	Name of debt instrument holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Ponnambalam M	2.25	9.94
2	Ammasai Gounder	2.24	9.90
3	Mani T. T	2.00	8.84
4	Sandhya Raghavendran	2.00	8.84
5	Thamburaj T	1.50	6.63
6	Raghavendran R	1.20	5.30

7	T Pattani	1.13	4.99
8	Rameshkumar T.L	1.00	4.22
9	Savithiri P	1.00	4.22
10	Rajendran R	0.80	3.53

Note: The above amounts are on account of unclaimed amounts upon maturity of the Secured Debt instrument.

19 (b) Top ten holders of privately placed Subordinated Debt II (₹ 1,000 each) instrument as on December 31, 2021

Sl No	Name of debt instrument holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Muraleedharan A.	73.00	0.31
2	Ramadurai N	45.60	0.20
3	Sukumar N	43.00	0.18
4	Palaniappan S	41.00	0.18
5	Sujatha G	37.50	0.16
6	Sivakumar N	36.00	0.15
7	Lakshmi Priya T	35.00	0.15
8	Shravani P	35.00	0.15
9	Ravi R	34.00	0.15
10	Kumar S	32.00	0.14

20. Debt-Equity ratio

The debt-equity ratio of our Company, prior to the Issue is based on a total outstanding debt of ₹ 1,07,790.38 lakh (including Preference shares) and shareholder funds amounting to ₹ 16,208.14 lakh as at December 31, 2021.

(₹ Lakh)

Particulars	Prior to the Issue (as on December 31, 2021)	Post Issue
Debt		
Short term	30,058.26	30,058.26
Long term	77,732.12	87,732.12
Total Debt (A)	**107,790.38**	**1,17,790.38**
Shareholders' Funds		
Share Capital	6,470.59	6,470.59
Reserves and Surplus less Revaluation Reserve	10,538.38	10,538.38
Less: Misc expenditure to the extent not written off / adjusted	800.83	800.83
Total Shareholders' Funds (B)	**16,208.14**	**16,208.14**
Total Debt Equity Ratio (Number of times) (A/B)	**6.65**	**7.27**

Notes:

(1) Total Debt has been considered from the Financial Statements prepared in accordance with Ind AS.

(2) The debt-equity ratio post issue is indicative and is on account of assumed inflow of ₹ 10,000 lakh from the proposed issue as at December 31, 2021 (Assuming retention of over subscription at 100%). The actual debt-equity ratio / Long Term Debt to Equity Ratio post issue would depend upon the actual position of debt and equity on the date of allotment.

*For details of the outstanding borrowings of our Company, please refer the Chapter titled **"Financial Indebtedness"** on page 139.*

OBJECTS OF THE ISSUE

ISSUE PROCEEDS

Our company proposes to make a public issue of Rated, Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh as base issue with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating to an amount not exceeding ₹ 10,000 lakh.

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

Particulars	**Estimated Amount (₹ lakh)**
Gross Issue Proceeds	[.]
**Less:* Issue related expenses	[.]
Net Issue Proceeds after deducting the Issue related expenses	[.]

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

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

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

** The Net Proceeds will be first utilized towards the objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations*

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

Details of use of proceeds:

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

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

II. General corporate purposes

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

III. Issue Related Expenses

The total issue expenses payable by our Company are estimated at ₹ [.] lakh and the entire costs would be financed from issue proceeds. The Issue expenses consists of fees payable to the Lead Manager, Registrar, Legal Counsel to the Issue, Bankers, Statutory Auditors, printing and stationery, advertising and marketing, listing fees and other expenses. For further information on Issue Expenses, please refer to Chapter titled **"*Other Regulatory and Statutory Disclosures*"** on page 223 of this draft Prospectus.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim use of proceeds

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

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board of Directors shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year, the utilisation of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilise the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchanges. Further, in accordance with the SEBI Listing Regulations, our Company will furnish to the Stock Exchange(s) on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results in the terms of and as per the format prescribed by Circular SEBI/HO/DDHS/08/2020 dated January 17, 2020. Our Company shall utilise the proceeds of the Issue only upon execution of the documents for creation of Security and the Debenture Trust Deed and receipt of listing and trading approval from the Stock Exchange as stated in this Draft Prospectus in the section titled "*Terms of the Issue*" on page 158.

Other Confirmation

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

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

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

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

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

Utilisation of Issue proceeds

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

a) Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;
b) The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.
c) Details of all monies utilised out of the Issue referred above shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;
d) Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;
e) Our Company shall utilize the Issue proceeds only upon (i) receipt of minimum subscription, (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013 (iii) Receipt of the listing and trading approval from the Stock Exchange and (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Prospectus in the Chapter titled "Issue Structure", beginning on Page 150;
f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property;
g) Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and
h) The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

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

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

Variation in terms of contract or objects

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

STATEMENT OF POSSIBLE TAX BENEFITS

To

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

Sir/Madam,

Sub: Statement of Possible Tax Benefits available to the Debenture holders of Sakthi Finance Limited (the "Company") in connection with the Proposed Public Issue ("Issue") of Rated Secured Redeemable Non-Convertible Debentures of Face Value of ₹ 1,000 each ("NCDs") for an amount not exceeding ₹ 5,000 Lakh (hereinafter referred to as the "Base Issue") with an option to retain Over-Subscription for an amount not exceeding ₹ 5,000 Lakh, aggregating to an amount not exceeding ₹ 10,000 Lakh (hereinafter referred to as the "Overall Issue Size")

1. This report is issued in accordance with the terms of our engagement letter dated 21st February 2022.
2. The accompanying Statement of Possible Tax Benefits available to the Debenture holder(s) (hereinafter referred to as "**the Statement**") states the possible tax benefits available to the Debenture holders of the Company under the Income Tax Act, 1961 (read with Income Tax Rules, circulars and notifications), as amended by the Finance Act, 2021 and presently in force in India and proposals of the Finance Bill, 2022 (hereinafter referred to as the "Indian Income Tax Regulations") for the purpose of inclusion in the draft prospectus/prospectus, in connection with the "Issue" of the Company, has been prepared by the management of the Company, which we have initialed for identification purposes. We are informed that such debentures raised in the Issue will be listed on a Recognized Stock Exchange in India and the statement has been prepared by the company's management on such basis.

Management's Responsibility

3. The preparation of the Statement as on the date of our report which is to be included in the draft prospectus/prospectus is the responsibility of the management of the Company and has been approved by the NCD Issuance Committee of Board of Directors of the Company at its meeting held on March 25, 2022 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities. The statement is also based on management's understanding of the business activities and operations of the company.

Auditor's Responsibility

4. Our work has been carried out in accordance with the Standards on Auditing, the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
5. It is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, at the date of our report, the possible tax benefits available to the Debenture holders of the Company under the Income Tax Act, 1961 (read with Income Tax Rules, circulars and notifications), as amended by the Finance Act, 2021 and presently in force in India and proposals of the Finance Bill, 2022 for the purpose of inclusion in the draft prospectus/prospectus, in connection with the "issue" of the Company.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.
7. We are informed that the "Issue" of the Company will be listed on a recognized stock exchange in India. The statement has been prepared on that basis. Our work is performed solely for the Management of the Company in meeting their responsibilities in relation to statutory and other compliances in connection with the "Issue".

Inherent Limitations

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

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

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

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

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

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

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

Opinion

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

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Prospectus/Prospectus prepared in connection with the proposed "Issue" to be filed by the Company with the Securities and Exchange Board of India, the stock exchanges where the NCD's of the Company are proposed to be listed in connection with the "Issue", as the case may be. Accordingly, this report should not be reproduced or used for any other purpose without our prior written consent.

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

CSK Prabhu
Partner
Membership Number: 019811
UDIN: 22019811AFQCSV7332
Place: Coimbatore
Date: March 25, 2022

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

This statement is based on the provisions of the Income-tax Act, 1961 (IT Act), as on date in force.

Under the existing provisions of law, the following tax benefits, inter alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto including retrospective amendments or enactments. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which the public are substantially interested, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Debentures.

This statement intends to provide general information on the applicable provisions of the IT Act. However, in view of the nature of the implications, the investors are best advised to consult their respective tax advisors/consultants for appropriate counsel with respect to the specific tax and other implications arising out oftheir participation in the proposed issue as indicated herein as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

Taxability under the IT Act

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

   The returns received by the investors from NCD in the form of interest and the gains on the sale/ transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the ITAct:

   - Profits and Gains from Business;
   - Income from Capital Gains; and
   - Income from Other Sources.

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

   The gains from the sale of the instrument or security may be characterized either as "Profits and gains from business" or as "Capital Gains". This is discussed in the following paragraph.

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

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

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

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

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

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

   The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments. As discussed above, depending on the particular facts of each case, the investments may, in certain cases, be regarded to be in the nature of stock in trade and, hence, the gains from the transfer/ sale of such investments would be considered to be in the nature of "Profits and gains from business".

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

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

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

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

Investors should obtain specific advice from their tax advisors regarding the manner of computing business income, the deductions available therefrom and the tax to be paid thereon.

Taxation of Profits and gains from business

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

Taxation of Capital Gains

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

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

- **Period of holding – long-term & short-term capital assets**

Taxability of investments primarily depends on the nature of Capital Asset and Period of Holding.

A security (other than a unit) listed on a recognized stock exchange in India, or unit of equity oriented mutual fund or zero-coupon bond held for a period of more than 12 months is considered long-term capital asset.

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

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

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

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

- **Computation of capital gains**

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

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

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

The following transactions would attract the "regular" capital gains tax provisions:

Transactions of sale of debentures, bonds, listed or otherwise; and

Transactions in structured debentures.

- **Set off of capital losses**

Long-term capital loss of a year can be set off only against long-term capital gains arising in that year and cannotbe set off against short-term capital gains arising in that year. On the other hand, short-term capital loss in a year can be set off against both, short-term and long-term capital gains of the same year.

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

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

Individuals and Hindu Undivided Families would be allowed a deduction in computing total income, *inter alia*, under section 80C of the IT Act for an amount not exceeding INR 150,000 with respect to sums paid or deposited in the previous year in certain specified schemes.

However, where the individual or HUF exercises the option to be assessed to tax as per provisions of section 115BAC of the IT Act introduced by the Finance Act 2020, such individual or HUF shall not be entitled to deduction specified, inter alia, under section 80C of the IT Act.

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

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

The Income Tax Act provides for the levy of AMT to tax investors (other than companies) at the rate of 18.5 per cent (plus applicable surcharge and health and education cess) on the adjusted total income. In a situation where the income-tax computed as per the normal provisions of the IT Act is less than the AMT on "adjusted total income", the investor shall be liable to pay tax as per AMT. "Adjusted total income" for this purpose is the total income before giving effect to the deductions claimed under section C of chapter VI-A (other than section 80P) and deduction claimed, if any, under section 10AA and deduction claimed, if any, under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed. AMT will not apply to an Individual, HUF, AOP, BOI or an Artificial Juridical Person if the adjusted total income of such person does not exceed INR 20 lakhs. As per sub-section (5) to section 115JC of the IT Act, inserted by Finance Act, 2020 ("FA 2020"), the provisions of AMT shall not be applicable in case of, inter alia, an individual or HUF who has exercised the option to be taxed as per the provisions of section 115BAC of the IT Act. Further, the credit of AMT can be further carried forward to fifteen subsequent years and set off in the year(s) where regular income tax exceeds the AMT.

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

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

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

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

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

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

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

(a) It is a resident of a country with which India has a DTAA and the company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or

(b) it is a resident of a country with which India does not have a DTAA and the foreign company is not required to register under any law applicable to companies.

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

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

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

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

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

Section 90(5) of the IT Act provides that an assessee to whom a DTAA applies shall provide such other documents and information, as may be prescribed. Further, a notification substituting Rule 21AB of the Income-tax Rules, 1962 ("Rules") has been issued prescribing the format of information to be provided under section 90(5) of the IT Act, i.e., in Form No 10F. Where the required information is not explicitly mentioned in the TRC, the assessee shall be required to furnish a self-declaration in Form No 10F and keep and maintain such documents as are necessary to substantiate the information mentioned in Form 10F.

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

In terms of Chapter X-A of the I.T. Act, General Anti-Avoidance Rules may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assesse may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be *inter alia* denial of tax benefit, applicable *w.e.f* 1-04-2016. The GAAR provisions can be said to be not applicable in certain circumstances *viz*. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23rd September, 2013.

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

- **Widening of taxability of Capital Gains**

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

- **Withholding provisions**

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

<table>
<tr><th>Sr. No.</th><th>Scenarios</th><th>Provisions</th></tr>
<tr><td>1</td><td>Withholding tax rate on interest on NCD issued to Indian residents</td><td>Interest paid to residents other than insurance companies will be subject to withholding tax as per section 193 of the IT Act at the rate of 10 per cent.

No tax is required to be deducted on interest paid to an individual or a HUF, in respect of debentures issued by a company in which the public is substantially interested if:

• the amount of interest paid to such person in a financial year does not exceed INR 5,000; and

• such interest is paid by an account payee cheque

Further, no tax is required to be deducted on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.</td></tr>
<tr><td>2</td><td>Withholding tax rate on interest on NCD issued to Foreign Portfolio Investor(FPI)</td><td>Interest on NCD issued to FPI may be eligible for concessional withholding tax rate of 5 per cent under section 194LD of the IT Act.

Interest on NCD issued to FPI may alternatively be eligible for concessional tax rate of 5 per cent under section 194LC(2)(ia) of the IT Act provided specific approval is obtained from Central Government for interest rate.

If both sections i.e. 194LC and 194LD of the IT Act are not applicable, then tax deduction should be made as per sections 196D read with section 115AD of the IT Act i.e. at 20 per cent subject to relief under the relevant DTAA, if any.

Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.

Further, as per section 196D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures (securities referred to in Section 115AD) by FIIs.

The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII, by virtue of the powers conferred by clause (a) of the Explanation to Section 115AD of the I.T. Act.</td></tr>
</table>

3	Withholding tax rate on interest on NCD issued to non-residents other than FPIs	Interest payable to non-resident (other than FPI) would be subject to withholding tax at the rate of 30 per cent / 40 per cent as per the provisions of section 195 of the IT Act subject to relief under the relevant DTAA depending upon the status of the non-resident. Alternatively, benefits of concessional rates of 5 per cent under section 194LC of the IT Act could be availed provided specific approval is obtained from the Central Government with respect to the rate of interest. Withholding rate will be increased by surcharge as applicable (Refer Note 2) and a health and education cess of 4 per cent on the amount of tax plus surcharge, as applicable. However, where the withholding is done as per the rate of tax provided under the relevant DTAA, the said rate shall not be required to be increased by surcharge and health and education cess.
4	Withholding tax rate on purchase of 'goods'	As per section 194Q of the IT Act, inserted by Finance Act, 2021, w.e.f. July 01, 2021, any sum payable by a 'buyer' to a resident for purchase of 'goods' of the value exceeding INR 50 Lakhs shall be liable to withholding at the rate of 0.1 percent. Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. TDS shall not be applicable where; Tax is deductible under any of the provisions of the IT Act; or Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section 206C(1H) of the IT Act applies Given that the term 'goods' has not been defined under the proposed section 194Q of the Act and there exists lack of clarity on whether the term 'goods' would include 'securities', it is advisable that the investors obtain specific advice from their tax advisors regarding the same. The CBDT vide its circular no. 13 of 2021 dated 30th June, 2021 has provided guidelines under section 194Q of the Act for removal of difficulties. It provides clarity on several aspects, including the following: Provisions of section 194Q shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre. Further, provisions of this section shall apply to a non-resident buyer whose purchase of goods from resident seller is effectively connected with permanent establishment of such non-resident.
5	Tax Collection on sale of'goods'	As per Section 206C (1H) of the IT Act, every person being a seller receiving any sum for sale of 'goods' of the value exceeding INR 50 Lakhs shall be liable to collect tax at the rate of 0.1 percent. Seller means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds INR 10 crores in the financial year immediately preceding the financial year in which the purchase is carried out.This section shall not be applicable where tax is deductible by the buyer under any of the provisions of the IT Act on the goods purchased by him and such tax has been deducted;The CBDT vide its circular no. 17 of 2020 dated 29th September, 2020 has provided guidelines under section 206C(1H) of the Act for removal of difficulties. It provides clarity on several aspects, including the following: Provisions of section 206C(1H) shall not be applicable in relation to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporations located in International Financial Services Centre

6	Withholding tax rate on interest on NCD issued to eligible institutions	All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196(iv) of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

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

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

a. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

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

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

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

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

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

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

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

In the case of a non-resident Debenture Holder, he/she should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA. Further as per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance, to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish self-certified Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1st August 2013.

- **Exemption under Sections 54EE, 54F and 115F of the I.T. Act**

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

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

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

This exemption is available, subject to the condition that the Debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of Capital Gains tax exempted earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such residential house is transferred. Similarly, if the Debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as Capital Gains in the year in which the additional residential house is acquired.

Notes:

Note 1: Tax rates

Resident Individuals and Hindu Undivided Families

The individuals and HUFs are taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income up to Rs 250,000#	Nil
More than Rs 250,000# but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 1,000,000	20 per cent of excess over Rs 500,000 + Rs 12,500$
Exceeding Rs 1,000,000	30 per cent of excess over Rs 1,000,000 + Rs112,500$

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

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

for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to beread as Rs 300,000 and for resident senior citizens of eighty years of age and above (“super senior citizen) Rs 250,000’ has to be read as Rs 500,000.

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

Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of section 115BAC of the IT Act, the following shall be the rate of tax applicable:

Slab	Tax rate *
Total income up to Rs 250,000	Nil
More than Rs 250,000 but up to Rs 500,000@	5 per cent of excess over Rs 250,000
More than Rs 500,000 but up to Rs 750,000	10 per cent of excess over Rs 500,000 + Rs 12,500
More than Rs 750,000 but up to Rs 1,000,000	15 per cent of excess over Rs 750,000 + Rs 37,500
More than Rs 1,000,000 but up to Rs1,250,000	20 per cent of excess over Rs 1,000,000 + Rs 75,000
More than Rs 1,250,000 but up to Rs 1,500,000	25 per cent of excess over Rs 1,250,000 + Rs 1,25,000
More than Rs 1,500,000	30 per cent of excess over Rs 1,500,000 + Rs 1,87,500

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

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

Partnership Firms & LLP’s

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

Domestic Companies

Type of Domestic company	Base normal tax rate on income* (other than income chargeable at special rates)
Domestic companies having turnover or gross receipts of less than Rs400 crores in FY 2019-20	25 percent
Domestic manufacturing company set-up and registered on or after 1March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 percent
Any domestic company (even if an existing company or engaged innon-manufacturing business) has an option to avail beneficial rate,subject to fulfilment of prescribed conditions (Section 115BAA)	22 percent
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing up to 31 March 2023, hasan option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 percent
Domestic companies not falling under any of the above category	30 percent

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

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

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

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act)does not exceed Rs 50 lacs	Nil

Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 50lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the Act) does not exceed Rs. 2 crores but total income (including dividend income and income under the provisions of section 111A andsection 112A of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act
Where total income (excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding dividend income and income under the provisions of section 111A and section 112A of the IT Act 15 per cent on tax on dividend income and income under the provisions of section 111A and section 112A of the IT Act

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act.
A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

FPIs (Non – corporate)

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore but does not exceed Rs 5 crore	25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 5 crore	37 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act

Surcharge as above shall also be subject to marginal relief, if any, as provided under the applicable Finance Act.
A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

For assessees other than those covered above

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

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

Note 3: Taxability of interest income

For all Residents (including Indian Corporates)

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

For Non-residents (other than FPI entities)

In case of non-residents, under the IT Act, the interest income would be chargeable to tax at the rate of 30 / 40 per cent depending on the status (i.e. corporate / non-corporate) and nature of income of the non-resident (plus applicable surcharge and health and education cess). However, the above is subject to any relief available under DTAA and any Covered Tax Agreement (CTA) entered into by the Government of India.

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

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

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

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

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

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

For FPI entities

In case of FPI interest on NCD may be eligible for concessional tax rate of 5 percent (plus applicable surcharge and education cess) under section 194LD of the Income Tax Act. Further, in case where section 194LD is not applicable, the interest income earned by FPI should be chargeable at the rate of 20 percent (plus applicable surcharge and health and education cess) under section 115AD of the Income Tax Act.

Note 4: Regular capital gains tax rates

1. Tax on Long-term Gains

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

1.1 For all Residents (including Indian Corporates)

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

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

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

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

1.2 For Resident Individuals and HUFs only

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

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

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

1.3 For Non-Resident Individuals

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

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

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

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

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

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

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

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

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

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

1.4 For FPI entities

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

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

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

2. Tax on Short-term Capital Gains

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

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

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

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

As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

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

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

Note 5: Relevant definitions under the IT Act

"Non-resident Indian" means an individual, being citizen of India or of Indian origin who is not a "resident" as per provisions of the Income Tax Act, 1961. A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents was born in undivided India.

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

- shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in orof any incorporated company or other body corporate.
- derivative.
- units or any other such instrument issued to the investors under any mutual fund scheme; and
- rights or interest in securities.

For the purpose of section 112 of the IT Act:

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

Note 6: Requirement to furnish Permanent Account Number (PAN) under the I.T.Act

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

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

Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIB ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates:

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

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

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

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

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

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

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

- As per section 206AB of the IT Act, with effect from 1 July 2021, payments made to specified persons will be subject to TDS at rate which is higher of the following:

  - twice the rate specified in the relevant provision of the Act; or
  - twice the rate or rates in force; or
  - the rate of 5%

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

- For the purpose of this section, specified person means any person-

    - Who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the prescribed time limit of filing return of income u/s,139(1) has expired.
    - The aggregate amount of TDS exceeds INR 50,000 or more in each of these previous years

- Specified person shall not include a non-resident who does not have a permanent establishment in India.

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

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

(i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

(ii) for a consideration which is less than the aggregate fair market value of the debentures by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration; shall be taxable as the income of the recipient at the normal rates of tax. The fair value of securities shall be determined in accordance with Rule 11UA of Income Tax Rules.

However, this provision would not apply to any receipt:

(i) From any relative; or
(ii) On the occasion of the marriage of the individual; or
(iii) Under a will or by way of inheritance; or
(iv) In contemplation of death of the payer or donor, as the case may be; or
(v) From any local authority as defined in Section 10(20) of the I.T. Act; or
(vi) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
(vii) From any trust or institution registered under section 12A or section 12AA.
(viii) By any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv)/(v)/(vi)/(via) of clause (23C) of section 10; or
(ix) By way of transaction not regarded as transfer under clause (i)/(vi)/(via)/(viaa)/(vib)/ (vic)/(vica)/(vicb)/(vid)/(vii) of section 47; or
(x) From any individual by a trust created or established solely for the benefit of relative of the individual.
(xi) From such class of persons and subject to such conditions as may be prescribed.

Important Proposals in the Finance Bill, 2022 that may affect Debenture holders

The Finance Bill, 2022 was presented in the parliament on 1st February 2022. The Bill proposes a few amendments that may affect the Debenture Holders, which are highlighted below. However, it is emphasized, that the below proposed amendments are pending before the Parliament and the proposed amendments in its present form/modified form becomes applicable only after the Bill is enacted and notified. Therefore, investors are advised to exercise caution and update themselves on the latest developments/amendments pertaining to the following proposed provisions. As on the date of this certificate, the Finance Bill, 2022 has not been enacted.

- Rates of Tax-No change in basic rates, & rationalization of Surcharge

  The Finance Bill,2022 has not proposed any change in the basic tax rates and maintained status quo for all types of Assessee's.

  Further, in the Finance Bill,2022, it is proposed to extend capping of Surcharge @ 15% for any Long-Term Capital Gains earned by Individuals and HUF's; which is currently applicable only to Capital Gains on listed shares and Dividend income whereas maximum Surcharge for balance income was 37%. The following is the extract of the Finance Minister's Budget speech.

  "Further, the long term capital gains on listed equity shares, units etc are liable to maximum surcharge of 15%, while the other long term capital gains are subjected to a graded surcharge which goes up to 37%.I propose to cap the surcharge on long term capital gains arising on transfer of any type of assets at 15 per cent. This step will give a boost to the start-up community and along with my proposal on extending tax benefits to manufacturing companies and start-ups re affirms our commitment to Atma Nirbhar Bharat."

- Surcharge and Education Cess-not deductible business expenditure-Retrospective Amendment
  With the objective of communicating the correct legislative intent to the taxpayers at large, the Finance Bill, 2022, has proposed retrospective amendment in Section 40 that the term "tax" shall include and shall be deemed to have always included any surcharge or cess, by whatever name called, on such tax; and hence no deduction is admissible on this account as business expenditure.

- Widening tax base for higher TDS/TCS in case of non-filers of return of income:
  The existing definition of "specified person" in Sections 206AB and Section 206CCA of the Act, is proposed to amended to reduce requirement of return filing of Two earlier years to one year. This would ensue that more number of persons are covered in definition of "specified person" requiring higher TDS/TCS to be done in their cases; which would ultimately encourage more number of Assessee(s) to file return of income.
- Applicability of Bonus Stripping Provisions to Securities
  The provisions of section 94(8) of the IT Act are proposed to be amended to include securities also in its ambit. The Finance Bill proposes to include securities for the taxation of Bonus Stripping.

Other Notes to Statement:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures.

- The above statement covers only certain relevant benefits under the Income Tax Act, 1961 and does not cover benefit under any other law.

- Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.

- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her/its holding in the Debentures of the Company.

- The stated benefits will be available only to the sole/first named holder in case the debenture is held by joint holders.

- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non- resident has fiscal domicile.

- In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.

- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views expressed herein are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. No responsibility is assumed to update the views consequent to such changes.

- Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A/195 of the I.T. Act.

SECTION IV: ABOUT THE INDUSTRY AND THE ISSUER COMPANY

INDUSTRY OVERVIEW

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

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

The chapter also contains certain information, data and statistics extracted from the report prepared by research services of ICRA Limited viz. "Retail- NBFC Credit Trends October 2021". All such information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

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

OVERVIEW OF THE INDIAN ECONOMY

India, with a Gross Domestic Product (**"GDP"**) in terms of Gross Value Added {GVA} of ₹ 1,32,71,471 crore (at constant price on new series 2011-12 base) [*Source: Press Note on First Advance Estimates of National Income 2021-22 dated 7th January 2022]* at the end of financial year 2020, is the sixth largest economy in the world after USA, China, Japan, Germany and UK.

With the change in base from 2004-05 level to new series of 2011-12 and change in the concept of GDP to GVA, the growth parameters in terms of GVA over last three years can be considered to be reasonable and the GDP degrowth for the year 2020-21 at Current Prices (PE) was reported to be 7.3%. The provisional estimates for the FY 2020-21 the GDP in terms of GVA was ₹ 1,24,53,430 crore (at constant price on new series 2011-12 base.).
(Source: GoI, Ministry of Statistics & Programme Implementation Press release dated January 7, 2022)

The Indian economy is headed for somewhat slower growth, the Real GDP estimated to be 9.2% in 2021-22 as compared to the contraction of 7.3% in 2020-21.

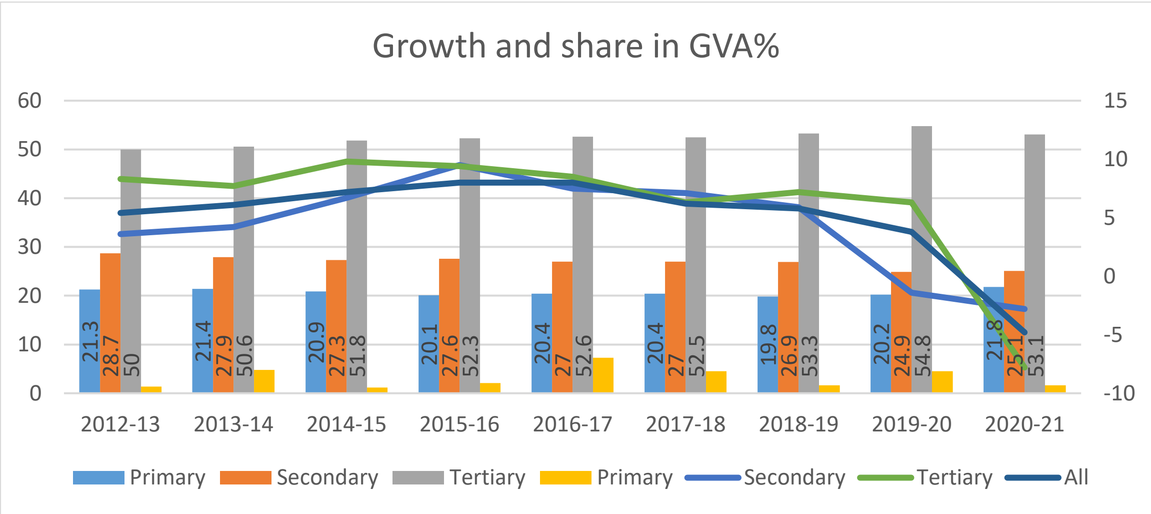
A snapshot on the sectoral growth of GDP for the last three years at constant price (new series 2011-12 prices) with provisional estimates for FY 2020-21 is furnished below:

YoY Growth (%)	**2018-19**	**2019-20**	**2020-21 (PE)**	**2021-22 (1st AE)**
GVA (₹ Cr)	12,803,128	1,32,71,471	1,24,53,430	1,35,22,461
Growth over previous years (%)	6.6	3.7	-6.2	8.6
Net Taxes On Products (₹ Cr)	11,78,298	12,97,797	10,59,310	12,31,074
Growth over previous years (%)	9.54	10.1	-18.4	16.2
1. Agriculture, Forestry & Fishing (%)	**2.9**	**5.1**	**3.6**	**3.9**
II. Industry (%)	**6.9**			
2. Mining & Quarrying (%)	1.3	-6.7	-8.5	14.3
3. Manufacturing (%)	6.9	-2.0	-7.2	12.5
4. Electricity, Gas & Water Supply (%)	7	1.3	1.9	8.5
5. Construction (%)	8.7	1.5	-8.6	10.7
III. Services (%)	7.5			

6. Trade, Hotels, Transport, communication and services related to broadcasting (%)	6.9	8.5	-18.2	11.9
7. Financial, Real Estate & Professional services (%)	7.4	4.7	-1.5	4.0
8. Public Administration, Defence and other services (%)	8.6	4.9	-4.6	10.7
GDP at market prices (Current Prices) (₹ Cr)	18,971,237	2,03,51,013	1,97,45,670	2,32,14,703

Source: (GOI MoS&PI Press notes dated January 7, 2022 and First Advance Estimates of National Income and Expenditure on GDP, 2020-21- Statement 1 & 3)

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



Note: The Vertical Axis denotes sector-wise share in GVA at current prices (in %) whereas the Secondary Axis denotes sector-wise share in GVA at constant prices (in %)
(Source: Press Note on First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for 2020-21 dated 31st January 2022)

Impact of COVID-19 on Banks and NBFCs:
(Source: Report on Trend and Progress in Banking Sector 2019-20 by RBI dated December 28, 2021)
A fallout of the pandemic and the slowdown in economic activity is that credit growth of scheduled commercial banks (SCBs) remained subdued in 2020-21 but non-banking financial companies (NBFCs) have stepped up to fill this space. In H1:2021-22, although credit growth of SCBs has shown some uptick, concerns have emerged about NBFCs' asset quality. The Reserve Bank, in association with the Government, had to devise strategies to resolve two private sector banks (PVBs), a large urban co-operative bank (UCB) and a few NBFCs since 2018. As a lender of the last resort, the endeavour of the Reserve Bank has been to contain spillover risks to maintain financial stability, protect depositors' interest while also ensuring that such solutions do not lead to moral hazard, going forward.

The pandemic has brought about a shift in adoption of digital technology with multi-faceted opportunities in the financial sector, while posing certain challenges of tackling cybersecurity/ frauds to all stakeholders including regulators and supervisors. Climate change has emerged as an overarching concern, enveloping all aspects of human life, including the financial sector.

Emerging from the Shadows of COVID-19

In the wake of the pandemic-related lockdowns during 2020-21, supply chains froze, and demand declined on economic agents trying to conserve cash with a precautionary motive. This resulted in sharp decline in credit growth even as deposits increased. The fall in yields provided a silver lining, as banks booked profits on their trading accounts. Banking stocks were affected particularly adversely as markets priced in future asset quality deterioration, affecting shareholders' wealth and confidence. Although construction of a counterfactual is difficult, the benefit of hindsight indicates that the pandemic's impact on the economy would have been much sharper, had the Government and the Reserve Bank not stepped in with timely initiatives.

Data available for 2021-22 so far indicate that banks' gross as well as net non-performing assets have moderated while provision coverage ratios (PCRs), capital buffers as well as profitability indicators have improved relative to pre-pandemic levels. A closer look at granular data, however, reveals a more nuanced picture. Credit growth is muted, indicative of pandemic scarring on aggregate demand as also risk aversion of banks. Banks' asset quality may get dented, going forward.

Most of the regulatory accommodations announced by the Reserve Bank, including deferment of implementation of net stable funding ratio (NSFR), restrictions on dividend payouts by banks, deferment of implementation of the last tranche of capital conservation buffer (CCB) have already expired. As the pandemic situation is dynamic, the regulatory response will be calibrated in response to the evolving situation.

Resolution of Stressed Assets

During the two waves of COVID-19, the Reserve Bank announced Resolution Frameworks (RF) 1.0 and 2.0 to provide relief to borrowers and lending institutions. While the restructuring of large borrowal accounts under RF 1.0 could be invoked by December 31, 2020 and implemented within 180 days from the date of invocation, they have time till September 30, 2022 to achieve the operational parameters. On the other hand, resolutions under RF 2.0 for individuals, small businesses and MSMEs could be invoked before September 30, 2021 and the resolution plan had to be implemented within 90 days from the date of invocation. As support measures start unwinding, some of these restructured accounts might require higher provisioning by banks over the coming quarters. With the expiry of the suspension on fresh proceedings under the Insolvency and Bankruptcy Code (IBC) on March 24, 2021, creditors can again leverage on the IBC mechanism for resolution of stressed assets. This is also expected to empower MSMEs, as operational creditors, to recover their dues. Through an amendment to the IBC Act, a pre-pack resolution window for MSMEs has been made available, which is a blend of formal and informal mechanisms having debtor-in possession model as an option. Even before the corporate debtor's admission application is filed, debtor and creditors can negotiate and arrive at a potential resolution plan. This has considerably expedited and simplified the process up to admission in the National Company Law Tribunal (NCLT).

The setting up of the National Asset Reconstruction Company Limited (NARCL), to consolidate and take over the stressed debt from banks, is a step forward for resolution of large value legacy assets. International experience, however, suggests that for the experiment to succeed and to avoid perverse incentives, risks to banks' balance sheets are clearly identified; transparent transfer pricing for sale of assets are ensured; and management of the new entity is independent and professional.

Recapitalisation Requirements after COVID-19

Based on the capital position as on September 30, 2021, all Public Sector Banks (PSBs) and PVBs maintained the CCB well over 2.5 per cent. Going forward, however, banks would need a higher capital cushion to deal with challenges on account of the ongoing stress experienced by borrowers as well as to meet the economy's potential credit requirements. Concerted strategies for timely capital infusion need to be carried forward by the banks.

Non-Banking Financial Companies (NBFC) Sector

(Source: Report on Trend and Progress in Banking Sector 2019-20 by RBI dated December 28, 2021)

The pandemic posed significant challenges to the NBFC sector during the first wave. Aided by various policy initiatives, NBFCs have emerged stronger, with reasonable balance sheet growth, increased credit intermediation, higher capital and lower delinquency ratio. The latest data on SMA, however, show that potential NPAs have increased significantly during 2021-22 so far. Recognising the increasing importance of NBFCs in the financial ecosystem, the Reserve Bank has implemented scale-based regulation to enhance the regulatory oversight over the sector effective October 2022. Furthermore, NBFCs need to be better equipped and focused on cyber fraud prevention as customers' adoption of digital lending gathers pace. Going forward, the sector may have to grapple with higher delinquency as and when policy measures unwind.

Micro Finance Institutions

Over the last decade, the share of NBFCMFIs in the overall microfinance sector declined to reach a little over 30 per cent at end-March 2021. However, the extant customer protection measures applicable to NBFC-MFIs since 2011 are not applicable to other lenders. In June 2021, the Reserve Bank released a consultative document to propose a uniform regulatory framework for microfinance lenders under its regulation. The proposed framework envisages introduction of activity-based regulation in the microfinance sector, protection of small borrowers from over indebtedness, enhancement of the customer protection measures, and enabling competitive forces to bring down interest rates by empowering borrowers to make informed decisions.

The average crude oil (Indian basket) prices have dropped by around 13.46 per cent in 2019-20 (April-March 2020) *vis-à-vis* 2018-19 and is around US$ 60.47 (Average since April to date). Going by the recent trends, the average crude oil prices could be in the vicinity of US$ 65-67 per barrel in the current financial year and could rise further by another 10-15 per cent in remaining period of FY2019-20. Some of these factors could have dampening effect on GDP growth in the coming year. (Source: Web site of Ministry of Petroleum GoI Accessed on December 19, 2019)

The Gross Domestic Product (GDP) growth is around 4 percentage points higher than global growth average of last 3 years and nearly 3 percentage points more than the average growth achieved by emerging market and developing economies. Further other measures like introduction of certain reforms in Foreign Direct Investment (e.g. 100% in railway Infrastructure, financial services provided by NBFCs and also investment in Asset Reconstruction Companies and access of External Commercial Borrowing to NBFCs for resource raising), further strengthening of the Insolvency and Bankruptcy Code 2016, recapitalization of Public sector banks and Government support to boost credit flow to MSME sectors will also lead to improvement in the growth of Indian Economy in medium and long-term, notwithstanding certain short term aberrations.

Global Prospect and Indian Economy

Global growth is estimated at 5.9 percent in 2021 and is expected to moderate to 4.4 percent in 2022, half a percentage point lower than in the October 2021 World Economic Outlook (Table 1). The baseline incorporates anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact-intensive sectors. These impediments are expected to weigh on growth in the first quarter of 2022. The negative impact is expected to fade starting in the second quarter, assuming that the global surge in Omicron infections abates and the virus does not mutate into new variants that require further mobility restrictions. Forecasts are based on information up to 18 January 2022. Among changes to advanced economy forecasts for 2022, a revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply chain disruptions have contributed to a downgrade of 1.2 percentage points for the United States. In Canada, weaker data outturns toward the end of 2021 and anticipated softer external demand for 2022 (related to the US revision) have led to a 0.8 percentage-point downgrade. In the euro area, prolonged supply constraints and COVID disruptions produced a less severe revision of 0.4 percentage point led by a markdown of 0.8 percentage point for Germany largely due to the economy's exposure to supply chain shocks. Mobility restrictions imposed toward the end of 2021 are expected to drag on growth in the euro area in early 2022. In the United Kingdom, disruptions related to Omicron and supply constraints (particularly in labor and energy markets) mean that growth is revised down by 0.3 percentage point to 4.7 percent.

Inflation is expected to remain elevated in the near term, averaging 3.9 percent in advanced economies and 5.9 percent in emerging market and developing economies in 2022, before subsiding in 2023. Assuming medium-term inflation expectations remain well anchored and the pandemic eases its grip, higher inflation should fade as supply chain disruptions ease, monetary policy tightens, and demand rebalances away from goods-intensive consumption towards services. The rapid increase in fuel prices is also expected to moderate during 2022–23, which will help contain headline inflation. Futures markets indicate oil prices will rise about 12 percent and natural gas prices about 58 percent in 2022 (both considerably lower than the increases seen in 2021) before retreating in 2023 as supply-demand imbalances recede further.

Less accommodative monetary policy in the United States is expected to prompt tighter global financial conditions, putting pressure on emerging market and developing economy currencies. Higher interest rates will also make borrowing more expensive worldwide, straining public finances. For countries with high foreign currency debt, the combination of tighter financial conditions, exchange rate depreciations, and higher imported inflation will lead to challenging monetary and fiscal policy trade-offs. Although fiscal consolidation is anticipated in many emerging market and developing economies in 2022, high post-pandemic debt burdens will be an ongoing challenge for years to come.

Higher returns elsewhere will incentivize capital to flow overseas, putting downward pressure on emerging market and developing economy currencies and raising inflation. Without commensurate tightening, this will increase the burden on foreign-currency borrowers, both public and private. But tighter policy also brings costs at home, as domestic borrowers will find credit harder to come by. Overall, tighter policies will likely be appropriate in many emerging market and developing economies to stave off the threat of persistently higher inflation. Moreover, emerging markets are generally more resilient, with higher reserves and better current account balances than in the previous tightening cycle including during the 2013 taper tantrum. But financial vulnerabilities remain, and many countries have higher public and private debt. Debt service burdens could therefore rise significantly with higher interest rates.

Countries with stronger fiscal positions and clearer policy frameworks will be better placed to manage tighter global financial conditions. More generally, emerging market borrowers should extend debt maturities where feasible, while containing a further buildup of currency mismatches. Exchange rate flexibility can also help absorb shocks. But in economies with market distortions or balance sheet vulnerabilities limiting market access, the impact of capital flow reversals can imperil financial stability. In those economies, foreign exchange intervention may be needed to smooth disorderly market conditions and temporary capital flow management measures may be warranted but should not substitute for needed macroeconomic policy adjustment. More generally, policymakers should strengthen resolution regimes where needed to facilitate orderly deleveraging and restructuring.

Overview of the world economic outlook projections

Country/Group	2018	2019	2020	2021P
China	6.6	6.0	2.3	8.1
ASEAN-5	5.2	4.9	-3.4	3.1
Euro	1.9	1.3	-6.4	5.2
India	**6.8**	**4.2**	**-7.3**	**9.0**
Japan	0.8	0.3	-4.5	1.6
United Kingdom	1.4	1.4	-9.4	7.2
United States	2.9	2.2	-3.4	5.6
World	3.6	2.8	-3.1	5.9

(Source: WEO January 2022 update)

NON-BANKING FINANCIAL COMPANIES (NBFCs)

Overview

Non-Banking Financial Companies **("NBFCs")** are an integral part of the country's financial system, catering to a large market of niche customers, and have emerged as one of the major purveyors of retail and SME credit in India. Non-Banking Financial Institutions **("NBFIs")** are an important alternative channel of finance for the commercial sector in India's bank dominated financial sector. Their role in promoting financial inclusion and catering to the needs of small businesses and specialised segments is an additional dimension of their relevance in the Indian context. It is a heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, such as accepting deposits, making loans and advances, providing leasing/hire purchase services, among others. Regulations relating to governing Non-Banking Financial Companies **("NBFCs")** are being increasingly harmonised with those of banks to forge the right balance for financial stability while encouraging them to focus on specialised areas. The RBI defines an NBFC as a company registered under the Companies Act 1956 and 2013 and engaged in the business of loans and advances, acquisition of shares, stock, bonds, debentures, and securities issued by the GoI or local government authorities, or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business. However, this excludes institutions whose principal business is in the agricultural or industrial sector, or in the sale, purchase and construction of immovable property. A non-banking entity that has as its principal line of business the receipt of deposits, under any scheme or arrangement, or the extension of loans, in any manner, is also considered an NBFC.

Gradually, NBFCs have become recognized as complementary to the banking sector due to their customer-oriented services, simplified procedures, and attractive rates of return on deposits, flexibility and timeliness in meeting the credit needs of specified sectors, among other reasons. NBFCs have traditionally extended credit across the country through their widespread geographical presence, with NBFCs supplying credit in segments such as equipment leasing, hire purchase, and consumer finance. These are areas which warrant infusion of financing due to the existing demand-supply gap. NBFCs have provided a more flexible source of financing and have been able to disburse funds to a gamut of clientele, from local individual customers to a variety of corporate clientele. NBFCs can be divided into deposit taking NBFCs, *i.e.*, those which accept deposits from the public and non-deposit taking NBFCs being those which do not accept deposits from the public.

Apart from commercial banks and co-operative credit institutions (urban and rural), the financial system in India consists of a wide variety of NBFIs, such as Non-Banking Financial Companies **("NBFCs")**, financial institutions and primary dealers. NBFCs, the largest component of NBFIs, can be distinguished from banks with respect to the degree and nature of regulatory and supervisory controls. First, the regulations governing these institutions are relatively lighter as compared to banks. Secondly, they are not subject to certain regulatory prescriptions applicable to banks. For instance, NBFCs are not subject to Cash Reserve Requirement (**"CRR"**) like banks. They are, however, mandated to maintain 15 per cent of their public deposit liabilities in Government and other approved securities as Statutory Liquidity Ratio **("SLR")**. Thirdly, they do not have deposit insurance coverage and refinance facilities from the Reserve Bank. Fourthly, NBFCs do not have cheque issuing facilities and are not part of the payment and settlement system. Finally, NBFCs cannot accept demand-based deposit. *(Source: www.rbi.gov.in).*

Initially, the NBFCs registered with the RBI could only operate as equipment leasing companies, hire purchase companies, loan companies and investment companies. Efforts have been made to integrate NBFCs into the mainstream financial sector by strengthening the prudential guidelines relating to income recognition, asset classification and provisioning. A number of measures to enhance the regulatory and supervisory standards of NBFCs in order to put them on par with commercial banks were undertaken by the RBI over a period of time including the alignment of interest rates, allowing diversification of businesses *e.g.* issuance of co-branded cards and distribution of mutual fund and insurance products, regulation of systemically important NBFCs and introduction of a fair practices code and corporate governance. Further the spectrum of Non-Banking Financial Institutions has been classified as NBFCs, AIFIs and Primary Dealers.

NBFC Structure

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

Recently, RBI has harmonized the classifications of NBFCs by activity as per details as under:

Sl No	Type of NBFC	Activity
1	Investment and Credit Company (ICC)	Lending and Investments
2	NBFC - Infrastructure Finance Company (NBFC-IFC)	Provision of infrastructure Loans.
3	NBFC - Systemically Important Core Investment Company (CIC-ND-SI)	Investment in equity shares, Preference shares, debt or loans of group companies.
4	Infrastructure Debt Fund - NBFC (IDF-NBFC)	Facilitation of flow of long-term debt into infrastructure projects
5	NBFC - Micro Finance Institution (NBFC-MFI)	Extending credit to economically disadvantaged groups
6	NBFC – Factor	Acquisition of receivables of an assignor or extending loans against security interest of the receivables at a discount.
7	NBFC - Non-Operative Financial Holding Company (NOFHC)	Facilitation of promoters / promoter groups to set up a new bank
8	Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business
9	NBFC - Account Aggregator (NBFC-AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
10	NBFC - Peer to Peer Lending Platform (NBFC-P2P)	Providing an on-line platform to bring lenders and borrowers together to help mobilise funds
11	Housing Finance Companies	Financing for Housing

(Source: RBI Report on Trend and Progress of Banking in India 2020-21 dated December 29, 2021-Chapter VI- Non Banking Financial Institutions- Table VI.1: Classification of NBFCs by activity)

RBI by its Circular No RBI/2018-19/130 dated February 22, 2019 has taken a decision for harmonization of different categories of NBFCs into fewer ones based on the principle of regulation by activity rather than regulation by entity. Accordingly, it has been decided to merge the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Our company being an Asset Finance Company is categorized as NBFC-ICC.

This move is expected to provide NBFCs with greater operational flexibility, as per the above circular, all related Master Directions (Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions 2016, Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016, Non-Banking Financial Companies. Acceptance of Public Deposits (Reserve Bank) Directions 2016, Standalone Primary Dealers (Reserve Bank) Directions, 2016 and Residuary Non-Banking Companies (Reserve Bank) Directions, 2016) have been updated accordingly.

Number of different types of NBFCs in India

As at March 31	NBFC-D	NBFC-ND-SI	NBFC-ND	Total
2018	168	230	11,004	11,402
2019	88	263	9,308	9,659
2020	64	285	9,133	9,482
2021*	52	312	9,188	9,552

(Source: Report on Trend & Progress of Banking in India 2017-18, 2018-19, 2019-20 all by RBI)

**As on 30th September 2021*

Ownership pattern of NBFCs and Growth

The NBFC sector is dominated by NBFCs- ND-SI, which constitute 85.1 per cent of the total asset size of the sector. Few large government-owned NBFCs, mainly catering to the infrastructure space, comprise 45.6 per cent of the total assets of NBFCs-ND-SI. Amongst NBFCs-ND-SI, ICCs, IFCs and NBFCs-MFI together accounted for 87.8 per cent of the total asset size of the sub-sector. NBFCs-D accounted for 14.9 per cent of the total assets of the NBFC sector at end-March 2021. Privately owned NBFCs-D accounted for 88.4 per cent of NBFCs-D' total assets in 2020-21.

Balance Sheet Size

During the year 2020-21, the balance sheet of NBFCs expanded at a faster rate than a year ago, driven essentially by growth in credit and investments of NBFCs-ND-SI. The balance sheet of NBFCs-D, on the other hand, grew modestly as they adopted a more cautious approach. In 2020-21, the share capital and reserves of NBFCs expanded significantly as some NBFCs raised additional capital via rights issues, prudently buttressing their financials against the likely recognition of impaired assets after the lifting of the Supreme Court's order on standstill on asset classification. NBFCs' credit also gained traction with the support provided by regulatory initiatives, including the "co-lending model" introduced in November 2020, which allows banks to co-lend with NBFCs (including HFCs) in respect of priority sector loans. NBFCs also increased their investments substantially during the year. In view of the pandemic, NBFCs also built liquidity buffers, with their cash and bank balances growing at a robust pace, except for NBFCs-ND-SI. In 2021-22 (up to September), balance sheet growth of NBFCs remained buoyant due to pick up in investments by NBFCs-ND-SI.

Public deposits of NBFCs-D grew strongly in 2019-20 and 2020-21 and remained a stable source of funding. On the assets side, investments continued to grow at an accelerated pace, while loans and advances picked up pace marginally vis-à-vis 2019-20.

On credit disbursement, 57 NBFCs, each having a loan book of more than ₹ 5000 crore, lent 90.1 per cent of the total credit disbursed in 2020-21. Smaller NBFCs (asset size less than ₹ 500 crore) are numerous but accounted for only 0.9 per cent of total NBFC credit outstanding.

Amongst NBFCs-ND-SI, ICCs, IFCs and NBFCs-MFI together accounted for 98.1 per cent of the total asset size of the sub-sector in March 2021. All categories of NBFCs-ND-SI exhibited balance sheet growth in 2020-21, except for NBFCs-Factor. With the harmonisation of major NBFC categories, NBFCs-D now comprise only ICCs. ICCs' share in total assets dipped marginally. Their credit growth, albeit modest, was aided by favourable base effects. Balance sheets of micro finance institutions (NBFCs-MFI), on the other hand, expanded on the back of robust credit growth, a favourable policy environment, pent-up demand and phased reopening of the economy.

NBFCs' borrowings from banks continued to grow on top of a y-o-y growth rate of 13.8 percent in the previous year. Borrowings through debentures and via commercial paper (CPs) also increased. At end-September 2021, total borrowings mobilised by NBFCs decelerated. NBFCs have been gradually swapping their short-term borrowings for long-term borrowings; consequently, the share of long-term borrowings (payable in more than 12 months) in March 2021 inched up.

The NBFC sector grew in size from ₹ 30.81 lakh crore in 2019-20 to ₹ 34.75 lakh crore in 2020-21.

NBFC Funding Pattern:

(A) General:

NBFCs depend largely on public funds which accounted for only 1.9% of the total liabilities of the sector. Bank Borrowings, debentures and Commercial Papers (CPs) are the major sources of funding for NBFCs. Bank borrowings have shown an increasing trend as the share of bank borrowing to total borrowings has increased from 21.2% in March 2017 to 42.51% in September 2021. The share of Debentures also increased from 50.2% in March 2017 to 57.49% in September 2021. The share of NBFCs in overall CP issuances fell sharply in April 2020, but recovered in the months of July and September 2020, with sector-specific policy actions. Subsequently, NBFCs' CP issuances surpassed their pre-Covid levels. During the second wave, however, NBFCs did not borrow much via CPs due to adequate liquidity on their books. Nevertheless, NBFCs were quickly back in this space in July 2021 when their share jumped to 65 per cent of total issuances and many NBFCs utilised the funds so raised to provide funding to individuals for subscribing to Initial Public Offerings..

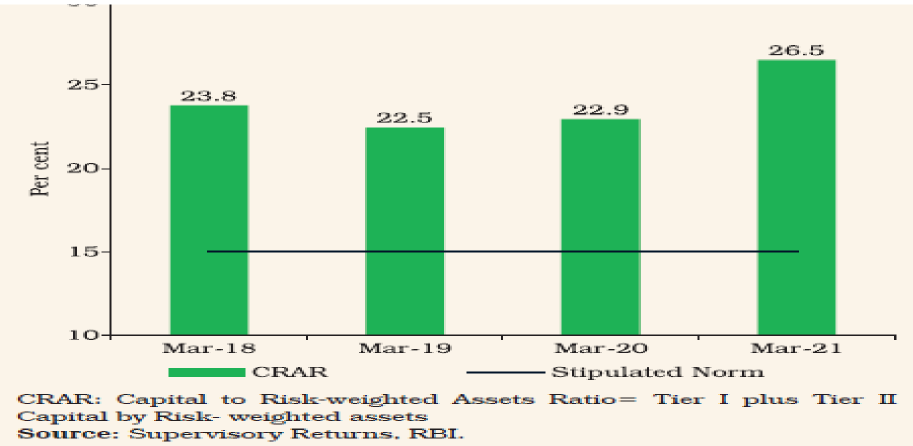
(B) <u>NBFC D:</u>

The funding pattern for NBFC-D is mainly dependent on borrowings from commercial banks (both long term and CPs), debentures (NCDs) and public deposits (PDs). As at September 30, 2021 the Bank Borrowings formed around

38% of the aggregated borrowings from Banks, NCDs and PDs. *(Source: Table VI.3 –Abridged Balance Sheets of RBI Report- Trends and Progress of banking in India 2019-20)*

Capital Adequacy

NBFCs are generally well capitalized, with the system level capital to risk-weighted assets ratio (CRAR) remaining well above the stipulated norm of 10 per cent. As at March 2020 the NBFC sector's CRAR stood at 26.5% somewhat due to the increase in non-performing assets.

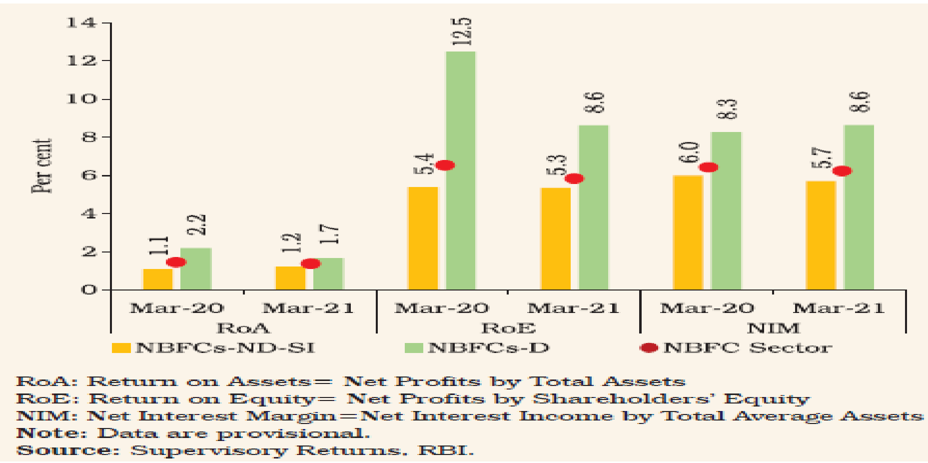


Key indicators of NBFCs:

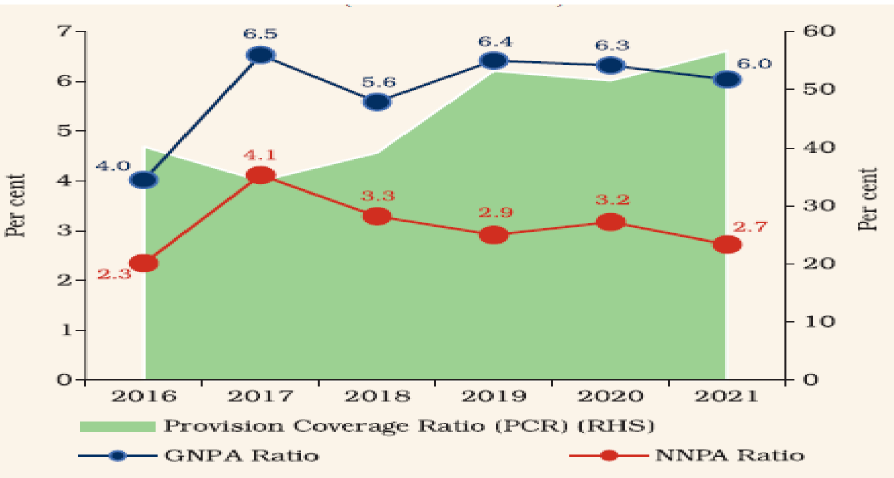
The key performance indicators of NBFCs for the FY 2018-19, 2019-20, 2020-21 and for 6 months ended September 30, 2021 is set out in the flowing table:

(₹ in Crores)

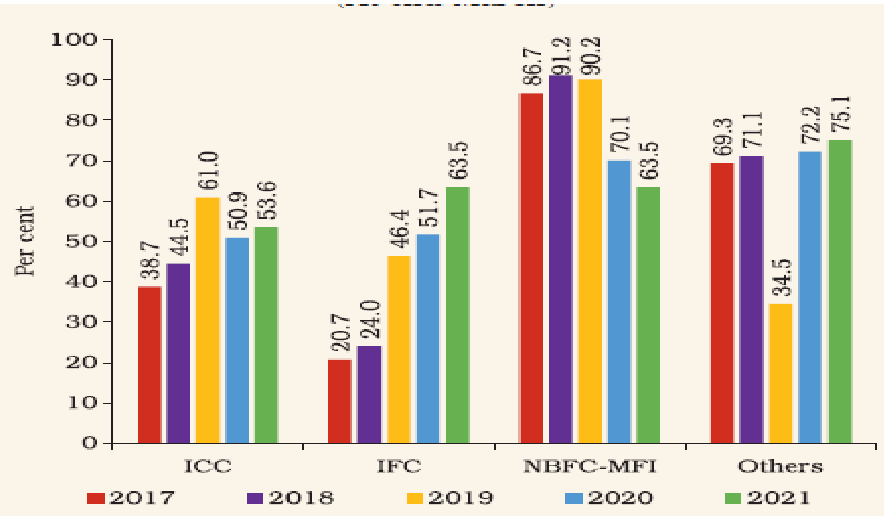
Items	2019	2020	2021	H1 2022
A. Income	3,39,057	3,82,800	353,407	174,711
B. Expenditure	2,99,104	3,19,285	294,358	138,325
C. Net Profit	17,106	45,720	44,723	28,992
D. Total assets	31,12,899	33,89,267	34,75,335	35,10,671
E. Financial ratios (as per cent of total assets)				
(i) Income	10.9	11.3	10.2	5.0
(ii) Expenditure	9.6	9.4	8.5	3.9
(iii) Net Profit	0.5	1.3	1.3	0.8
F. Cost to Income ratio	88.2	83.4	78.2	73.1



Asset Quality of NBFC's



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



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

Since November 2014, the asset classification norms of NBFCs have been incrementally aligned with those of banks, leading to higher NPA recognition. During 2017-18, however, there has been an improvement in asset quality, with a part of the portfolio of assets classified as NPAs in 2016-17 being upgraded to standard assets. As a result, both the gross non-performing assets (GNPAs) ratio and the net non-performing assets (NNPAs) ratio declined during 2017-18. The asset quality is continuously improving since 2019-20. The gross non-performing assets (GNPAs) ratio and net non-performing assets (NNPAs) ratio marginally dropped, reflecting drop in provisioning. In 2020-21 (up to September), asset quality of the sector showed improvement with a slight decrease in GNPA ratio.

Deposit Taking NBFCs (NBFCs-D)

The abridged Balance Sheet and Financial Parameters of NBFCs-D are furnished below for FY 2018, 2019, 2020, 2021 and as at September 30, 2021:

(A) Balance Sheets:

(₹ Cr)

Items	At end-March 2018	At end-March 2019	At end-March 2020	At end-March 2021	At end-September 2021
1. Share Capital & Reserves	67,158	85,805	85,766	1,00,455	1,05,626
2. Public Deposits	40,057	50,033	50,022	62,262	66,443
3. Debentures	99,157	103,126	103,338	98,702	1,02,928
4. Bank Borrowings	106,229	124,249	124,388	1,14,822	1,05,521

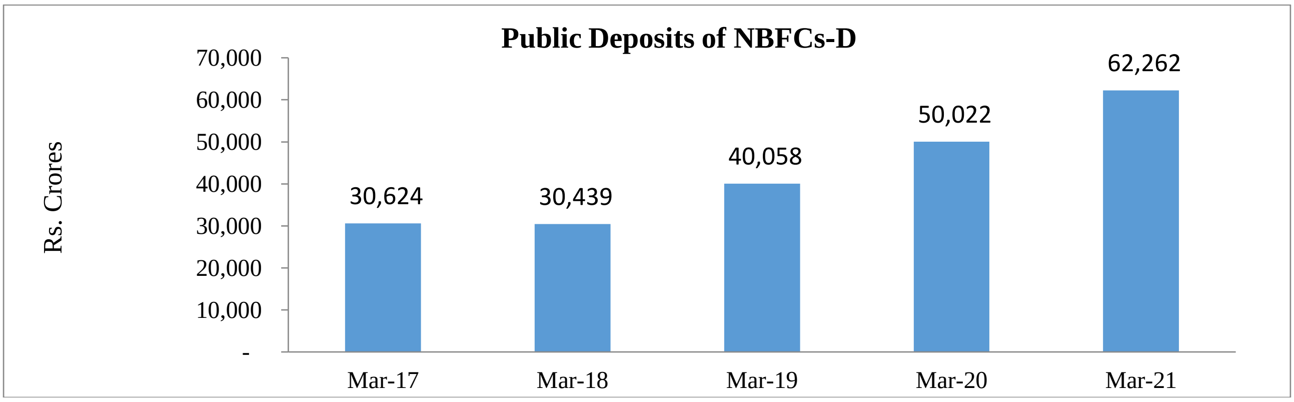
5. Commercial Paper	18,112	7,478	7,478	8,523	11,621
6. Others	91,109	114,690	115,828	1,33,219	1,40,527
Total Liabilities/Assets	421,822	485,381	486,820	5,17,983	5,32,665
1. Loans & Advances	379,015	415,615	417,807	4,24,068	4,39,203
2. Investments	23,891	39,213	39,151	46,037	46,829
3. Cash & Bank Balances	9,785	17,057	17,275	34,164	32,363
4. Other Current Assets	7,531	11,000	9,494	10,145	10,123
5. Other Assets	1,601	2,495	3,093	3,570	4,147

(B) Financial Parameters

(₹ Cr)

Items	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**H1 : 2021-22**
1. Income	61,468	70,475	66,574	67,083	35,247
2. Expenditure	44,676	54,898	51,460	55,522	30,085
3. Net Profit	11,226	11,113	10,716	8,649	4,275
4. Total assets	421,823	485,381	4,86,820	5,17,983	5,32,665
5. Financial Ratios (as per cent of Total Assets					
i.Income	14.6	14.5	13.7	13.0	6.6
ii.Expenditure	10.6	11.3	10.6	10.7	5.6
iii.Net Profit	2.7	2.3	2.2	1.7	0.8
6. Cost to Income Ratio (Per Cent)	72.7	77.9	72.5	78.4	82.2

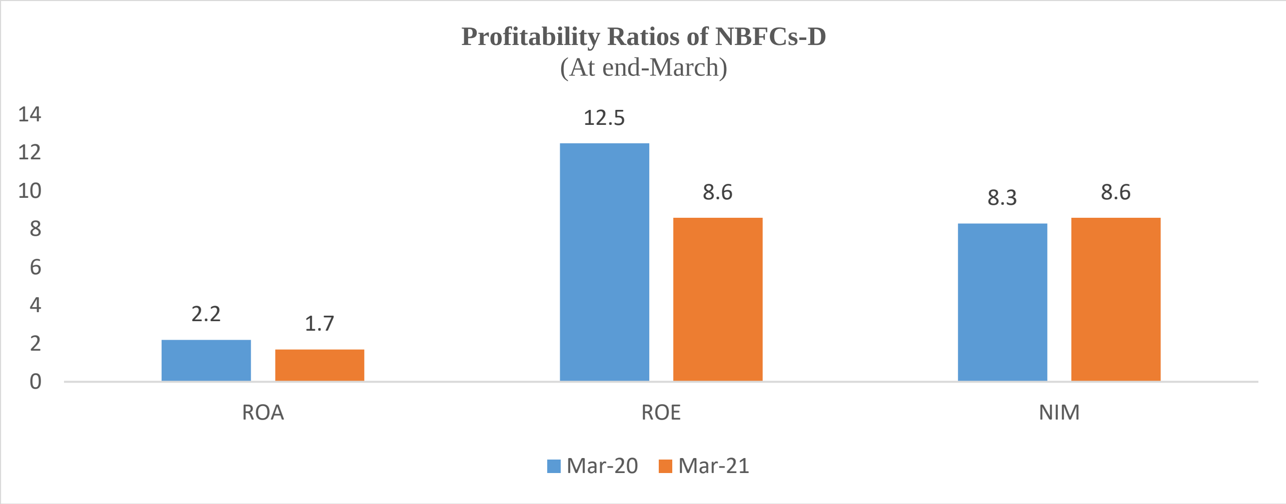
(Source: RBI report on Trend & Progress in Banking 2020-21)



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

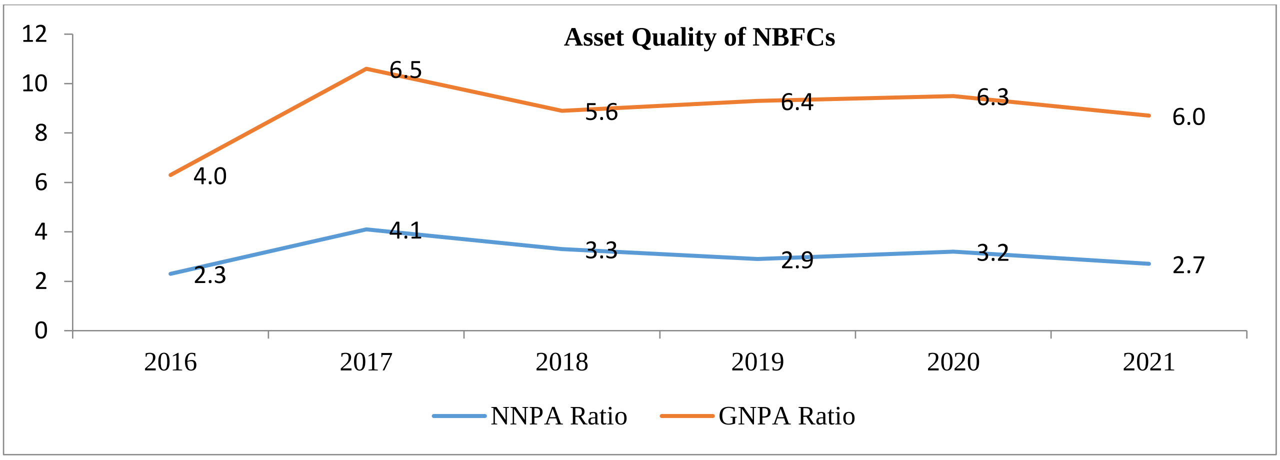
From the above Table, it may be observed that NBFCs-D depend to a large extent on bank credit to fuel their growth. Deposit mobilization by NBFCs progressed at a robust pace, even though the number of companies authorized to accept deposits came down from 81 in 2018-19 to 56 in 2019-20 and 55 in 2020-21. NBFCs-D largely raised fixed deposits in the 1-3 year maturity buckets, which bodes well for their ALM profiles.

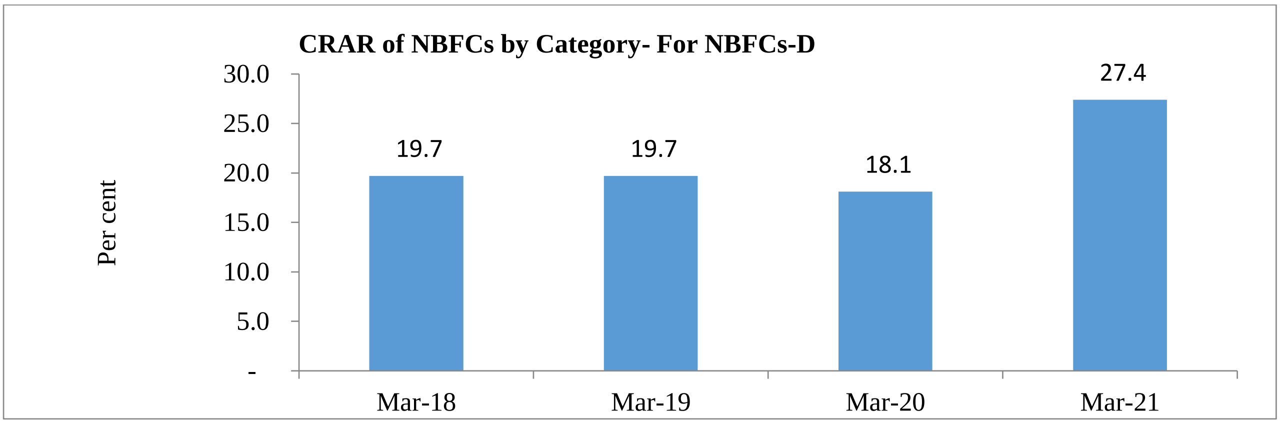
The Reserve Bank has been striving to wean away NBFCs from collecting public deposits. A revised regulatory framework was issued in November 2014 mandating that only rated NBFCs-D shall accept and maintain public deposits. These guidelines also permitted AFCs to raise public deposits up to a limit of 1.5 times the NOF only, unlike 4 times the NOF allowed earlier.



Note: Data are provisional; **Source:** Supervisory Returns, RBI

Asset Quality of NBFCs:





(Source RBI Returns)

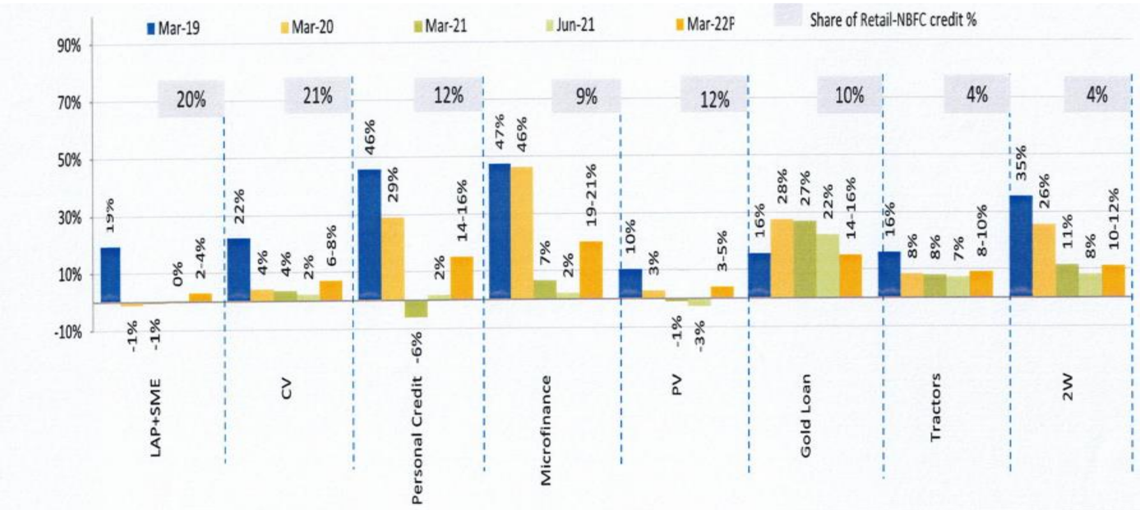
Retail Focused NBFCs- An Overview

As our Company is Investment and Credit Company (earlier classified as AFC) with focus on retail business, an overview of the retail focused NBFCs is furnished.

Leading Retail-NBFCs- YoY AUM Growth Trends

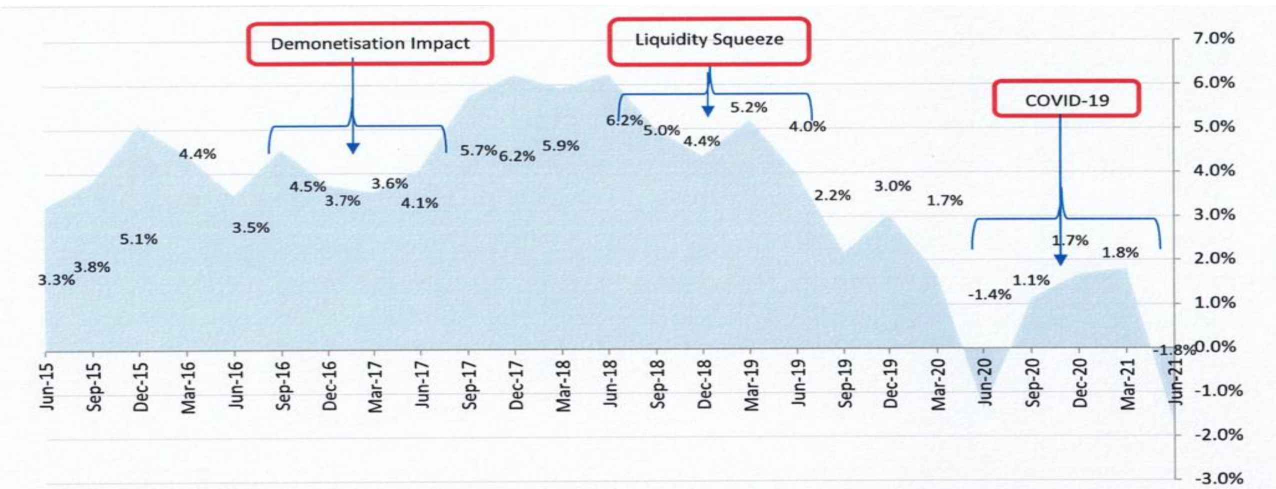
Source: ICRA Research, company/company investor presentations, MFIN; Best estimates used where data was not available

Share of retail NBFC credit



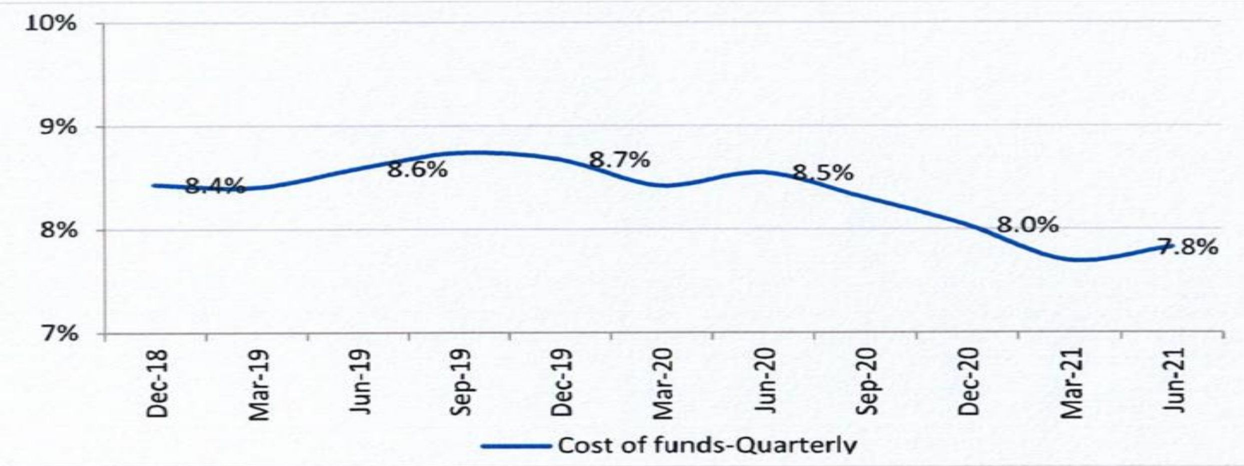
Source: ICRA Research, company/company investor presentations, MFIN

Retail NBFC- QoQ growth trends



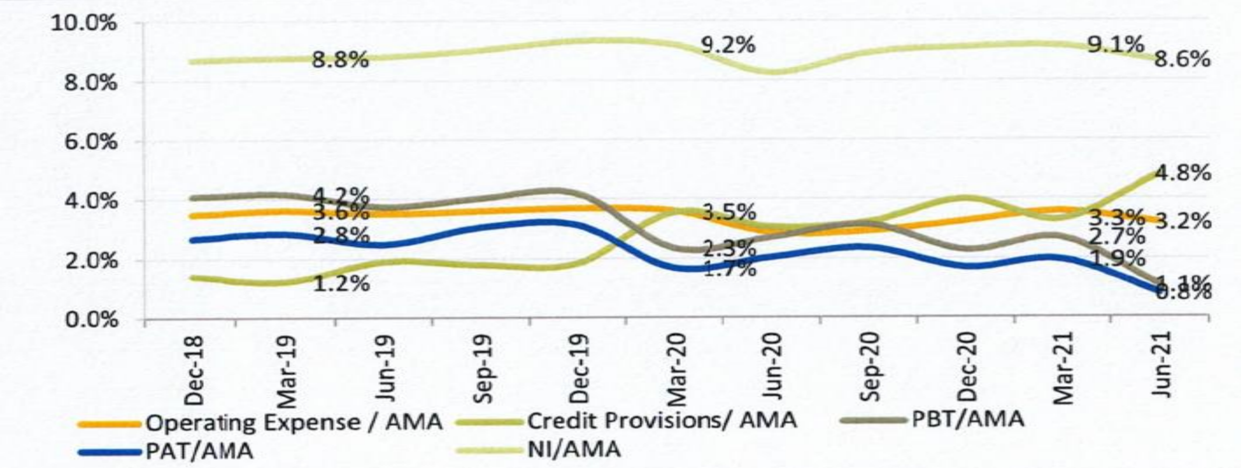
Source: ICRA Research, company/company investor presentations, MFIN; best estimates used where data was not available

Cost of funds of Retail NBFCs:



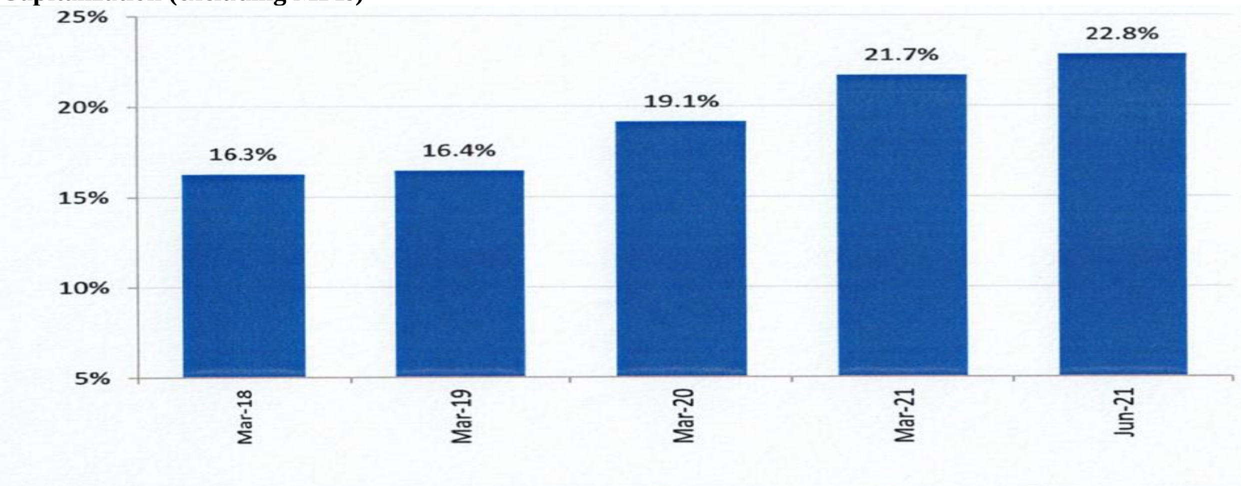
Source: ICRA Research, set of ~17 NBFCs

Retail NBFCs- Profitability Trends – Ind AS



Source: ICRA Research, set of ~17 NBFCs; NI - Net Income from operations

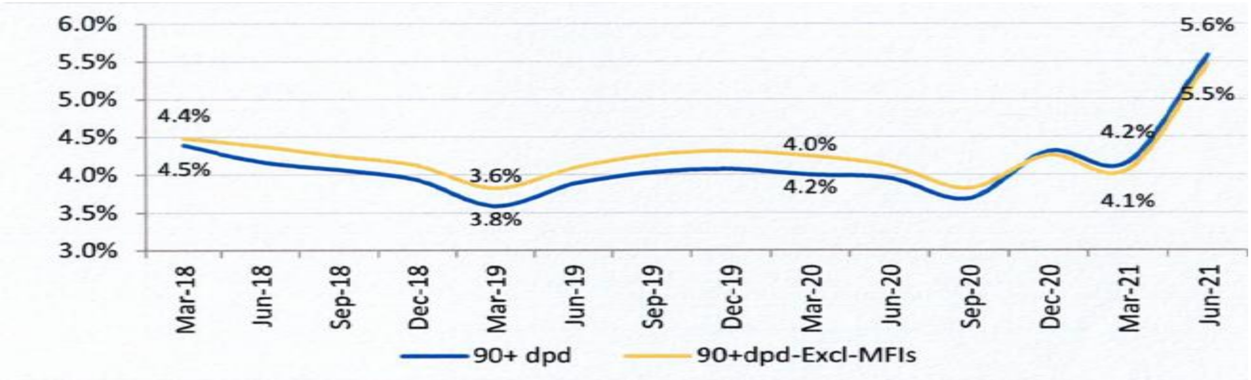
Capitalization (excluding MFIs)



Source: ICRA Research, set of ~17 NBFCs (excluding MFIs)

NPA movement in Retail NBFCs:

90+dpd movements in retail NBFCs



Source: ICRA Research; based on the asset class-wise 90+dpd of ICRA sample, which is applied for the overall - Retail-NBFC credit outstanding

The Retail-NBFC AUM contracted again in Q1 FY2022, but a sharper rate of 1.8% vis-à-vis 1.4% in Q1 FY2021. This was attributed to the fall in disbursements as the second wave of Covid-19 induced lockdowns imposed by various states impacted operations. Collections, however, relatively less impacted vis-à-vis the last fiscal, where borrowers also had the option of availing a moratorium. Thus, muted disbursements and rundown in the existing portfolio due to repayments led to a relatively sharper fall in the AUM in Q1 FY22.

The YoY AUM growth of Retail-NBFCs slowed to ~11% in FY2020 and further to about 4% in FY2021. The AUM in the vehicle segment, which accounted for about 46% of the overall Retail-NBFC AUM, declined by 0.6% YoY while the AUM in the loan against property + small and medium enterprises (LAP+SME) segment was up by about 0.5% during the period. Gold loans AUMs also contracted, but on a QoQ basis, by about 2%, as branch operations were affected and gold prices remained volatile and were under pressure. Retail-NBFC credit was ₹ 10.2 trillion as of June 10, 2021.

Key asset segments, namely CVs, and LAP+SME, together accounting for about 42% of the overall Retail-NBFC AUM, underperformed in FY2021with the CV AUM growing at about 5% YoY while LAP+SME was largely stable, thus pulling down the overall sectoral growth. The performance of these segments was further affected in Q1 FY2022 by the second wave as it pulled down the overall Retail-NBFC credit growth. The CV and LAP/SME segment's YoY AUM was largely stable. The used CV segment, which was upholding the overall CV segment's growth, also moderated in Q1 FY2022 as it slowed to 8% YoY vis-a-vis 10-11% YoY growth in the previous four quarters. Within vehicles, the tractor segment recorded range-bound YoY growth in the last few quarter, while other key assets, namely PV AUM contracted and two-wheeler (2W) AUM registered a further deceleration in growth,

Growth in FY2022 is envisaged to be driven by the improvement in demand from all key target segments vis-a-vis FY2021, which were impacted by the Covid-19-related lockdowns, Some of the key segments which would bolster growth include gold loans, personal credit, rural finance and microfinance. Growth in the vehicle finance segment (CV, PV, etc.) and business loans including LAP and other commercial lending segments, which are closely linked to economic activities, are expected to be better than FY2021. However, it is expected to take longer to register a reasonable revival. Growth is expected to revive to about 8-10% in FY2022. Sustained supply-side constraints, especially in the vehicle segment, could be a growth impediment and would be monitorable in the near term.

The 90+dpd increased sharply by about 150 bps in QIFY2022, the sharpest in the recent past. Asset quality weakened across segments with the collection process taking a hit and borrower-level cashflows impacted by the second wave. ICRA expects the 90+dpd to improve in the next few quarters supported by the improvement witnessed in the CE and the restructuring undertaken by the companies. Retail/small businesses/MSME accounts, which slipped into 90+dpd/NPA category, are also eligible for restructuring under the RBI scheme announced in May 2021. As most of the restructuring under this scheme is expected to have been undertaken in July-August 2021, the same is expected to include some 90+dpd accounts. ICRA notes that the players in the vehicle finance and SME finance segments are expected to have undertaken a higher share of restructuring in the past period.

During the last fiscal, segmental 90+dpd had improved in Q2FY2021 as the moratorium offered to the borrowers contained incremental slippages; also, recoveries were made from some overdue accounts, which supported the asset quality. As borrowers exited the moratorium period in 03 FY2021 and as normal demand for repayments commenced, forward movement into the harder overdue buckets also increased as the operating environment remained subdued. Segments with higher dependence on industrial production, certain service sectors like travel/transport, hospitality, school/education, etc, and non-essential services were more severely impacted. Pressure was also higher on unsecured asset classes, considering the target borrower segment and the relatively smaller tickets/higher yields. The collection trend for most of the asset classes improved in O4 FY2021 and entities reported near pre-Covid level collections, which supported the asset quality to some extent. The recovery in collections has been faster so far in this fiscal vis-a-vis the last, which provides confidence. However, the sustenance of the same and the track record of the performance in the restructured book would be crucial from an asset quality perspective.

The overall wite-offs in Q1 FY2022 remained high at 2.3% (annualised) of the AUM, similar to FY2021. ICRA expects the 90+dpd to moderate and write-offs to remain elevated in the current fiscal, which would to result in a 50-100 bps net increase during the current fiscal (over March 2021) and lower than June 2021 level.

The credit costs, which remained at 1.8-2.0% (quarterly-annualised) during the first three quarters of FY2020, jumped to an average of 3.5% (quarterly-annualised) between 4 FY2020 and Q4 FY2021, The increase of 1.5-1.7% in the credit cost during the above-mentioned period was equally contributed by write-offs and higher provisions, Credit costs spiked in Q1 FY2022, in line with the overdues and the increase in the provisions by the entities. The increase in Q1 FY2022 was largely due to the increase in provisions while write-offs remained similar to the average of the last fiscal. ICRA expects the credit costs in FY2022 to remain similar to last year's levels as the base case, in view of the second wave of the pandemic and the expected stress in the restructured book. The performance of the stressed book would be key from an asset quality perspective, as anecdotal evidence suggests that the collections in this book remain weaker. The high provisions carried by the entities provide some comfort and ICRA expects the provisions to be used to clean up the sticky and weaker exposures by the end of the fiscal.

The capital profile of Retail-NBFCs is adequate, considering the growth outlook. ICRA does not expect any significant capital requirement for the segment over the near term. However, some entities would raise capital to shore up their risk profiles, given the uncertainty in the operating environment. The funding profile is characterised by a steady increase in the share of term loans from banks/fls while the share of debentures, CP and securitisation/assignment declined. The increase in the share of 'others' in the overall borrowings was contributed by ECBs and other borrowings including intercorporate funding, etc.

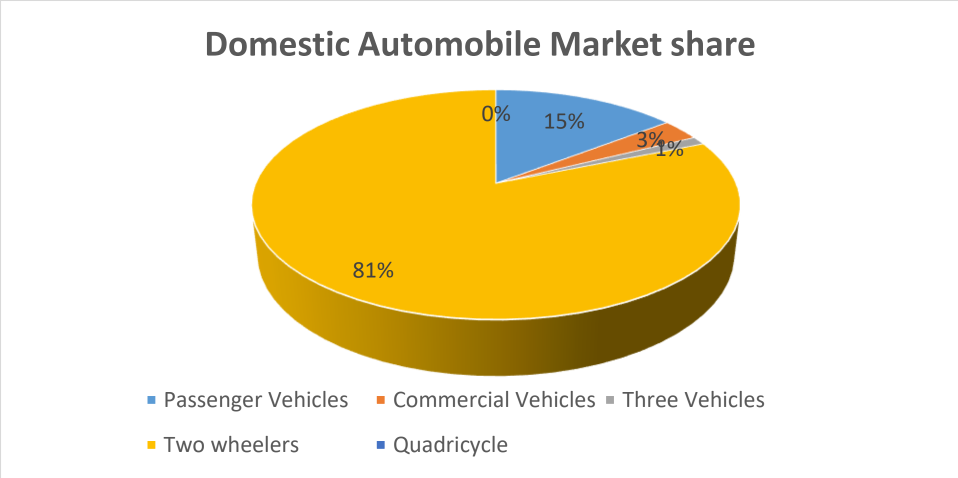
COMMERCIAL VEHICLE INDUSTRY

Trends

The industry produced a total 22,62108 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycle in April-March 2021 as against 26353293 in April-March 2020, registering a degrowth of 14 percent over the same period last year. The overall Commercial Vehicles segment also witnessed degrowth in production by 17% in April-March 2021 as compared to the same period last year.

Category-CVs	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Production	6,98,298	7,86,692	8,10,253	895,448	1,112,405	756,725	624,939
Sales	6,14,948	6,85,704	7,14,082	8,56,916	10,07,311	717,593	568,559

(*Source SIAM website- Statistical data*)



(Source: SIAM website)

Outlook for Commercial Vehicles Industry (FY 2021)

After witnessing a prolonged period of demand contraction, with volumes contracting sharply for eight consecutive quarters, the M&HCV (Truck) segment had finally started to report some semblance of recovery in 03-Q4 FY2021. Accordingly, it reported both sequential and YoY growth in these quarters, with volumes even doubling on a YoY basis in Q4 FY2021, albeit on a low base. The improvement in demand was primarily driven by tippers, which have seen healthy traction with the flurry of activity in the construction sector, Healthy demand was witnessed from sectors such as cement, steel and mining, in addition to the general goods carrier segment with the pick-up in economic activity. However, with the second wave of the pandemic and associated regional lockdowns, wholesale dispatches again sequentially weakened in Q1 FY2022, although YoY growth (571%) was optically aided by the extremely low base. Nevertheless, with construction and infrastructure activity remaining relatively resilient and replacement deferred by more than two years, this segment is expected to see a recovery as economic activity stabilises again. Q2FY2022 volumes grew by about 116% on a YoY basis, again on the back of a low base.

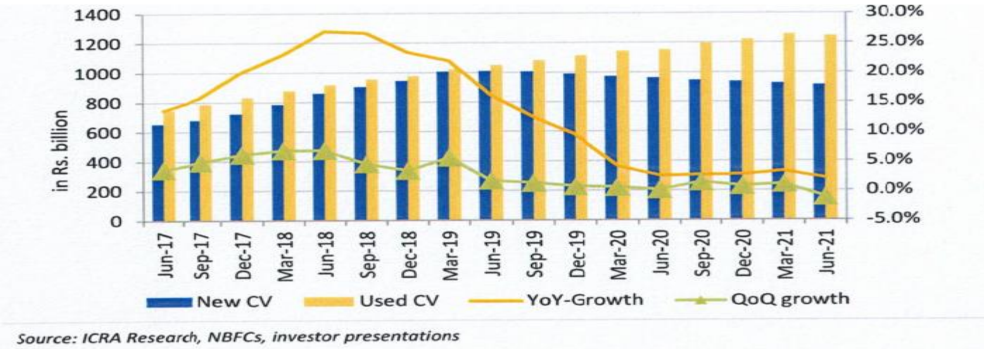
The LCV (Truck) segment had seen recovery trends before it was visible in the heavier truck segment, supported by robust demand from agricultural and allied sectors on the back of multiple consecutive healthy crap cycles. Moreover, with the e-commerce sector on an upswing ever since the pandemic and lockdown impacted purchasing habits, there has been increased last mile transport requirements as well, also spurring demand for smaller trucks. Accordingly, the segment's quarterly volumes averaged at more than 1,23,000 units during Q2-O4 FY2021, higher than the FY2018 levels and trending towards the industry highs reported in FY2019. However, the onset of the second wave and the associated lockdowns and production shutdowns, coupled with some slackening of e-commerce and rural demand, led to the sequential weakening of volumes in Q1 FY2022. Nevertheless, the increased requirement for last-mile transportation, especially in the e-commerce segment, and expectations of stable rural cashflows are expected to support demand in the sector. Volumes, after witnessing a sequential contraction in Ql FY2022 due to the second wave of the pandemic, reverted back to a positive growth trajectory in Q2 F¥2022 growing 2% on a YoY basis.

While the goods carrier segment had reported an uptick in volumes in H2 FY2021, recovery remains elusive in the passenger carriers' segment. Despite a sequential pick-up, volumes were a fraction of the normal levels, with a mere 19,410 wholesale dispatches in FY2021 against 80,000-90,000 units typically reported during a year. Volumes were further set back in Q1 FY2022 with the pandemic washing out the school season demand for the second year in a row. The general risk aversion to using public transportation in the wake of the contagion has led to gross under-utilisation of the existing bus fleet and is expected to remain so in the foreseeable future. Volume drivers such as school and college buses, staff carriers and bus aggregators remain subdued, given the closure of educational institutes, increased prevalence of work-from-home, reduced public transport, and curtailed capex spend. Nevertheless, the procurement of 20,000 buses under the PPP route announced in the FY2022 Union Budget and the increasing adoption of e-buses under the opex model have the potential to support volumes to some extent. Some states have also allowed the opening of schools, but the demand from this remains to be seen in light of the evolving pandemic situation.

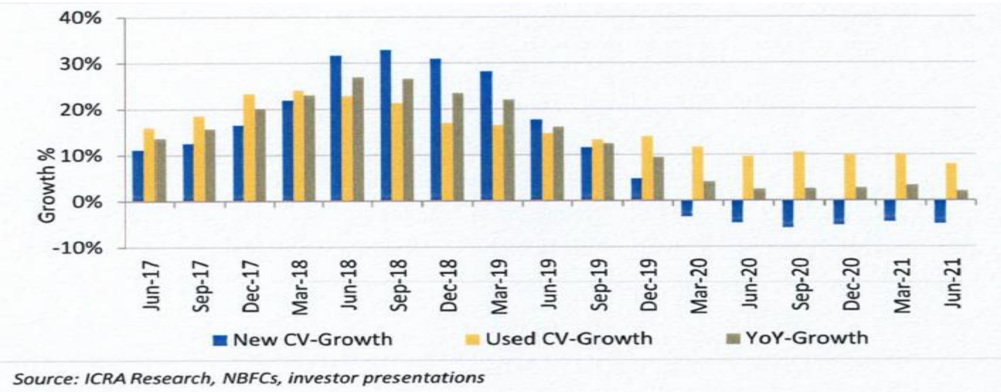
Overall, ICRA expects CV volumes to grow by 20-24% in FY2022, led by 10-15% growth in LCV (Trucks) and 40-45% growth in M&HCV (Trucks). However, recovery to the industry highs of FY2019 would take some time. Moreover, headwinds such as hardening commodity prices, semiconductor shortage, etc. also remain, which can limit the pace of recovery.

NBFC financing to CV Segment (New and Used) - Trends and Outlook

AUM Movement of NBFC-CV Segment



YoY AUM Growth Trends of NBFC-CV Segment



New CV growth continues to underperform; used CV growth rate also moderated: The new CV AUM for NBFCs, which declined on a sequential O-0-O basis since Q2 FY2020, continued to decline in Q1 FY2022; the AUM was down 4% on a YoY basis. The used CV AUM YoY growth rate also moderated to 8% vis-d-vis about 10-11% YoY growth reported in the previous four quarters. As per ICRA's estimates, the average age of M&HCVs increased to 9.5 years in FY2021, the highest in the past two decades, which augurs well for replacement demand going forward. Used vehicle values have also held stable and could improve with a sustained improvement in demand and capacity utilization, the growth in the segment would be closely linked to the sustained improvement in the recovery of the overall macro indicators and infra activities. While the growth in the CV segment is pegged at about 22% for FY2022, the base of the past year would result in sales volumes similar to FY2017 levels. Further, the increased competition for the cream of the customers and the stress witnessed (higher overdues and restructuring) in the segment could impact credit flaw to borrower segments that are not prime. We continue to maintain a modest growth for the new CV segment for the current fiscal at about 3-5%. The overall CV AUM stood at Rs. 2.2 trillion as on June 30, 2021, Considering the growth outlook for the new and used CV (9-11%) segments, overall AUM growth of 6-8% is expected in FY2022.

The 90+dpd spiked again in Q1 FY2022 as cashflows were impacted by the lockdown and the disruption caused by the pandemic. Borrowers in the service sector like travel/tours, education, staff transport and small transport operators without contracts were the most impacted and some resorted to restructuring. The increase in overdues in the new CV segment was sharper than for used CVs, the new CV 90¢dpd, adjusted for one player, was lower at 5.5% vis-8-vis 8.1% otherwise.

Restructuring was more in the new and heavy & medium CV segments as their performance is closely linked to industrial demand and the overall activity level in the broader economy. Therefore, borrowers in these segments experienced a deeper impact on their cashflows (lower demand and higher operating/fuel costs) in relation to their debt servicing requirements, leading to higher loan restructuring (as high as 12-13% of CV AUM by June 2021). A sustained recovery in demand would be key for the performance of restructured accounts going forward Challenges related to freight availability, increase in fuel prices and stress on fleet operators had compounded the stress faced by the borrowers in this segment. While freight rates did firm up over the past year, the same did not keep pace with the steep increase in fuel prices, exerting pressure on the profitability of fleet operators. A sustained pick-up in industrial, mining, construction and allied activities would remain critical far a revival in the segment, especially M&HCV, going forward.

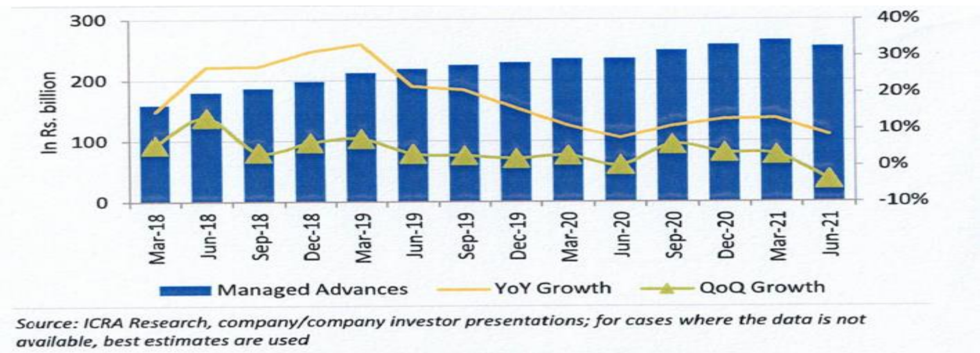
AUM Movement of NBFC- CV Segment

(Source: ICRA Report- Retail- NBFC Credit Trends, October 2021)

Key Success factors in the used commercial vehicle finance

Valuation	The lack of a transparent pricing mechanism makes valuation a challenge. Good quality appraisers and trained staff, however, can be mitigating factors.
Credit Appraisal	Borrowers often do not have income tax returns or documentation. In addition, 75% of buyers own less than three trucks. Mitigating factors include requiring the personal guarantee of customer and guarantor, checking moveable and immoveable property of the customer and the guarantor, and having power of the attorney signed by the customer in the name of the company for repossession in case of default.
Collection Recovery	Since assets and borrowers are both mobile, and 40% to 50% of collection is through cash, collection recovery remains a challenge. Locals who are comfortable dealing with transport operators need to be employed, and collection should multiple times a month.

CONSTRUCTION EQUIPMENT



Supported by the Government's focus on increasing infrastructure spending, construction activity is expected to see a sustained recovery in the coming quarters and support volumes for the mining and construction equipment (MCE) industry. While the second wave impacted MCE sales volumes in QL FY2022, the monsoon impacted the recovery in the last two months; MCE volumes are expected to pick up pace. While the risk of further waves remains, construction activity is expected to see a sustained recovery in the coming quarters as well. Consequently, MCE volumes are expected to remain healthy.

Road construction work remains one of the key volume drivers for the MCE industry with the execution pace remaining healthy at 37 km per day in FY2021. However, the execution has been impacted in the current fiscal due to the second wave and the monsoon, itis targeted to remain around 40 km per day for F¥2022, This, in turn, is expected to support the volumes for the MCE industry post monsoon, in line with Government impetus on infrastructure spending. ICRA expects the industry volumes to register 15-20% growth in CY2021 supported by a low base effect.

OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This Chapter should be read in conjunction with the Sections **"Forward Looking Statements"**, **"Risk Factors"** and **"Financial Information"** on pages 16, 17, 138, respectively, of this Draft Prospectus. Unless stated otherwise, the financial data used in this chapter, has been taken from Chapter titled "**Financial Statements (Annexure-A)"** provided on beginning from page no 278 of the Draft Prospectus.*

Our Company was incorporated in the year 1955 and has a track record of nearly four decades in commercial vehicle financing segment. We are registered with RBI, under section 45-IA of the Reserve Bank of India Act, 1934, with Department of Non-Banking Supervision, Chennai, as a NBFC Deposit-taking – Investment and Credit Company (earlier termed as Asset Financing Company).

We are part of "**Sakthi Group**" of companies based in Coimbatore, South India, a reputed and well-known Industrial conglomerate having major presence in sugar, industrial alcohol, automobile distribution, auto components, dairy, co-generation, wind energy and transportation.

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicles. We also provide finance for purchasing infrastructure construction equipment, multi-utility vehicles, cars, jeeps and other machinery. The finances provided are secured by lien on the assets financed. Our target customers predominantly comprise Small / Medium Road Transport Operators ("**SRTOs / MRTOs"**) and primarily hail from rural / semi-urban area. The SRTOs / MRTOs looks for speedy disposal of finance at competitive rates. We have identified this opportunity and positioned ourselves between the organized banking sector and local money lenders by offering the finance at competitive rate with flexible and speedy lending services to our customers. We operate primarily in the Southern region of the country mainly in the States of Tamil Nadu and Kerala through our branch network and customer service points. We have network of 51 branches, located in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, Haryana and Union Territory of Puducherry. In addition to finance business, we generate power from windmills and sell it to Tamil Nadu Electricity Board and Gujarat Urja Vikas Nigam Limited. At present, we have 17 windmills with an aggregate capacity of 5,150 kW located in the States of Tamil Nadu and Gujarat.

As on September 30, 2021, we have an Asset Under Management (**"AUM"**) (*i.e*. Stock on Hire) of ₹ 1,06,743.99 lakh. Our AUM has grown from ₹ 92,654.12 lakh as at March 31, 2019 to ₹ 1,09,353.73 lakh as at March 31, 2021 at a CAGR of 5.68%. The income from hire purchase business constitutes about 94% of operating income of the Company for the FY ended March 31, 2021. For FY 2021, the income from hire purchase business was ₹ 16,446.30 lakh as against ₹ 16,005.59 lakh for FY 2020, registering a marginal growth of 2.5%.

As on September 30, 2021 the gross Stage 3 Assets as a percentage of loan assets is 5.68% and Net Stage 3 Assets as a percentage of loan assets is 2.55%. The Gross Stage 3 Assets as a percentage of loan assets was 4.95% and 5.13% as at March 31, 2021 and March 31, 2020 respectively. While Net Stage 3 Assets was 2.30% and 2.81% as at March 31, 2021 and March 31, 2020 respectively.

As at March 31 2021 and March 31 2020, the ECL as determined under Ind AS 109 was ₹ 3,632.73 lakh and ₹ 2,991.53 lakh respectively.

The capital adequacy ratio, computed on the basis of applicable RBI requirements, as on September 30, 2021 is 22.81%. The capital adequacy ratio as on March 31, 2021 and March 31, 2020 were 22.52% and 21.91% respectively.

SUMMARY OF OUR KEY OPERATIONAL AND FINANCIAL PARAMETERS

A summary of our key operational and financial parameters as at and for the last Three completed financial years and six months ended September 30, 2021 (LRR) are as follows (For details, please refer Chapter *titled* ***"Financial Statements" beginning from Page 138***):

As at and for six months ended September 30, 2021 (LRR) and the years ended March 31 2021, March 31, 2020 and March 31, 2019 (as per Ind AS)

(₹ lakh)

Particulars	September 30, 2021	2021	2020	2019
Net Fixed Assets	7,748.63	7,661.44	7,943.05	8,384.79
Financial Assets	122,480.38	115,778.27	113,697.59	101,356.68
Non-Financial Assets	552.32	603.73	360.58	320.51
Total Assets	130,781.33	124,043.44	122,001.22	110,061.98
Financial Liabilities (including maturities of long-term borrowings and short-term borrowings)	108,726.14	102,604.85	100,934.03	91,275.48
Financial Liabilities (Trade Payables and Other Payables)	279.82	295.36	269.62	436.61
Deferred Tax Liabilities (net)	0.00	39.48	215.71	376.25
Other Non-Financial Liabilities	41.67	68.47	91.89	105.29
Other Financial Liabilities	1,765.40	1,672.37	1,720.71	1,726.69
Financial Borrowings (Trade payables and other financial liabilities)	110,771.36	104,572.58	102,924.36	93,438.78
Provisions	158.39	118.09	121.73	104.19
Current Tax Liabilities (net)	58.10	47.29	0.00	0.00
Equity Share Capital	6,470.59	6,470.59	6,470.59	5,000.00
Other Equity	13,281.22	12,726.94	12,176.94	11,037.47
Total Equity and Liabilities	130,781.33	124,043.44	122,001.22	110,061.98
Profit and Loss				
Total Revenue	8,880.44	17,133.66	17,023.01	16,809.79
From Operations	8,880.41	17,132.79	17,022.61	16,804.99
Other Income	0.03	0.87	0.40	4.80
Total Expenses	8,176.88	15,876.22	15,621.98	15,430.48
Total Comprehensive Income	554.28	939.37	1,112.40	926.41
Profit / Loss	703.56	1,257.44	1,401.03	1,379.31
Other Comprehensive Income	29.09	13.58	(5.54)	(31.08)
Profit / loss after tax	525.19	925.79	1117.94	957.49
Earnings per equity share:				
Continuing operations				
(a) basic	0.86	1.45	2.19	1.85
(b) diluted	0.86	1.45	2.19	1.85
Discontinued operations				
(a) basic	-	-	-	-
(b) diluted	-	-	-	-
Total Continuing and discontinued operations				

Particulars	September 30, 2021	2021	2020	2019
(a) basic	0.86	1.45	2.19	1.85
(b) diluted	0.86	1.45	2.19	1.85
Cash Flow				
Net cash generated from operating activities	2,741.60	639.39	(13,598.35)	(1,926.83)
Net cash generated from Investing activities	(9,874.94)	174.46	475.00	575.16
Net cash used in financing activities	6,410.38	(562.53)	10,876.37	946.74
Cash and cash equivalents	641.15	1,364.11	1,112.79	3,359.77
Balance as per statement of cash flows	641.15	1,364.11	1,112.79	3,359.77
Net worth*	16,266.56	15,941.93	15,547.13	12,918.96
Cash and Cash Equivalents	641.15	1,364.11	1,112.79	3,359.77
Investments	2,698.62	2,668.28	2,659.80	2,783.09
Assets Under Management	106,743.99	109,353.73	107,046.18	92,654.12
Off Balance Sheet Assets		-	-	-
Total Debts to Total assets				
Debt Service Coverage Ratios (times)**	0.06	0.12	0.12	0.13
Debt Service Coverage Ratios (times)** - Annualized	0.11	0.12	0.12	0.13
Interest Income	8,725.87	16,911.19	16,642.61	16,346.70
Interest Expense	5,421.93	10,604.02	10,283.65	10,120.35
Interest service coverage ratio (times)**	1.15	1.13	1.15	1.13
Provisioning & Write-offs	557.67	787.71	729.44	638.72
Bad debts to Account receivable ratio **	0.03%	0.15%	0.16%	0.29%
Gross NPA (%)	5.68	4.95	5.13	5.05
Net NPA (%)	2.55	2.3	2.81	2.94
Tier I Capital Adequacy Ratio (%)	13.59	13.05	12.88	13.22
Tier II Capital Adequacy Ratio (%)	9.54	9.47	9.03	9.13

* Net-worth computed after deducting Revaluation reserves, prepaid expenses, amortised cost and Capitalised NCD expenses.

** Notes:-

- Debt Service Coverage Ratio = (PAT + Interest + Depreciation) / (Interest + Principal repayments of Total Loans)
- Interest Service Coverage Ratio = (PAT + Interest + Depreciation) / (Interest costs)
- Bad debts written off / (Trade Receivables + Loans)

The following table sets out, as on the dates indicated, data regarding our NPAs and Capital Adequacy Ratios:

(**₹ lakh**)

Particulars (As per Ind AS)	September 30, 2021	March 31		
		2021	2020	2019
Gross Stage 3 Assets	6,300.84	5,594.01	5,662.99	4,803.09
Net Stage 3 Assets	2,738.02	2,522.83	3,022.60	2,736.92
Expected Credit Loss (ECL)	4,153.66	3,632.73	2,991.53	2,495.31
Total Loan Assets/ Gross Credit Exposure	1,10,897.65	1,12,986.46	1,10,347.93	95,151.23
Net Loan Assets/ Net Credit Exposure*	1,07,346.74	1,09,915.28	1,07,707.54	93,085.06
% of gross Stage 3 Assets to total loan assets	5.68	4.95	5.13	5.05
% of net Stage 3 Assets to net loan assets	2.55	2.30	2.81	2.94
Capital Adequacy Ratio (%)	23.12	22.52	21.91	22.35

** Net loan assets/net credit exposure = Total loan assets less provision for non-performing assets*
Provision for non-performing assets = Gross Stage 3 Asset minus Net Stage 3 Assets
(Source: RBI NBS Returns filed by SFL for relevant periods)

OUR STRENGTHS

Unique Business Model

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicles. Our target customers comprise SRTOs / MRTOs, primarily hailing from rural / semi-urban area. These SRTOs / MRTOs generally find difficulty in obtaining finance from banks on account of their limited credit history and inability to meet the lending covenants of the banks. At the same time, local money lenders offer speedy and flexible finance however at extensively high rate. We identified this opportunity and positioned ourselves between banks and local money lenders to service this population. We have adopted a prompt loan approval and simple documentation procedures, set our offer rates between those of the banks and the money lenders. We believe that we, among the few financial institutions in the organized sector, satisfy the need of the target customers.

Effective origination, credit appraisal and collection processes

We have nearly four decades of experience in the asset financing business. We have established an effective process for origination, monitoring and collecting receivables which enabled us to generate the stable growth with control over asset quality.

Our target customers mainly hail from rural / semi-urban areas. For such customer segment, the knowledge of local culture and long relationship with the customers play a key role for growth in the operation. We have adopted a distinguished and cost-effective business origination policy and we originate the business through our branch networks in association with marketing officers termed as Customer Service Points ("**CSPs"**). These CSPs are local residents of the area and have the domain knowledge of that area. They identify potential customers in defined area and maintain long term relationship with the existing customers. Further, this business model also enables us to be proactive and develop future products for our customers. Moreover, we find that the CSP arrangement is cost effective as they function from Small Office Home Office ("**SOHO"**) provided by our Company without having a formal branch set-up.

We have designed stringent evaluation process and credit policies to ensure the asset quality of our loans and the security provided for such loans. Our credit policy comprises classification of target customers in terms of track record, classification of assets, differentiated loan to value ratio for different class of customers and assets, limits on customer exposure etc. Further, in order to build quality assets and reduce NPA level, we have developed a culture of accountability by making our marketing officers responsible for loan administration, monitoring as well as recovery of the loans they originate. With our long-standing understanding and experience in the pre-owned vehicle finance segment, we have developed expertise in valuation of pre-owned vehicles which enables us to accurately determine a recoverable loan amount for commercial vehicle. We believe our Company has established a tested valuation technique for the assets which acts as a crucial entry barrier for others seeking to enter our market segment.

Our entire recovery and collection operation are administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well-suited to our target market in the commercial vehicle financing industry, as reflected by our high loan recovery ratios compared to others in the financial services industry, and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term.

Long-standing presence in Southern Regional market

We have been operating in vehicle financing Industry for nearly four decades focusing on Southern part of India particularly in the States of Tamil Nadu and Kerala. We have a network of 51 branches with more than 90% branches located in Tamil Nadu and Kerala. We believe that our continuous focus and presence in the concentrated regional market enabled us to understand customer's requirements and create long and trust-worthy relationship with them by providing quality service and support as per the requirements from proximate locations. At present, around 50% of our total business comes from the existing customers.

Experienced senior management team

Our Board consists of 8 (Eight) Directors, with wide experience in the automotive and/or financial services sectors. Our senior and middle management personnel have extensive experience, expertise and in-depth knowledge of industry. Majority of our senior management team have grown with our Company and have more than 15 years of experience with us. We believe that the industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Association with Sakthi Group

We are part of “Sakthi Group” of companies based in Coimbatore, South India. The Sakthi Group is a well-known and reputed Industrial conglomerate having presence in finance, sugar, industrial alcohol, automobile distribution, auto components, dairy, cogeneration, wind energy, transportation, IT Services, education, health-care etc. We benefit from the association with Sakthi Group as it provides us with a large pool of customers who believe and trust Sakthi Group.

Positive long-term industry prospects

The growth momentum in domestic commercial vehicle industry will have direct positive impact on the segment in which we operate. We believe that Commercial Vehicle (**“CV”**) industry will find its growth momentum back aided by increased thrust on infrastructure and rural sectors in the recent budget, potential implementation of fleet modernization or scrappage program and higher demand from consumption-driven sectors and e-commerce logistic service providers, especially for LCVs and ICVs. The sustained economic growth, easy availability of finance and subdued interest rates, good monsoon season, government's strong focus on infrastructure development and urban infrastructure, increased freight movement due to the expected increase in activity in sectors such as agriculture, e-commerce, mining etc. are the key factors that will drive growth and expansion of the CV industry in the coming years.

BUSINESS STRATEGIES

Expanding our reach in Southern Region of India

We have been operating in commercial vehicle financing segment through our branch network spread mainly in Southern Region of India. At present, we originate 90% of our business from the States of Tamil Nadu and Kerala and balance from other States *viz.* Karnataka, Andhra Pradesh and Union Territory of Puducherry. We believe that there is still good potential and growth available in Southern Region of India from our existing as well as new customers. We intend to strategically maintain and expand our reach in target market only by establishing additional branches and CSPs in the Southern Region particularly in Tamil Nadu and Kerala. In addition to the States of Tamil Nadu and Kerala, we also intend to gradually explore additional business opportunity in other parts of Southern region. Our customer origination and servicing efforts strategically focus on building long-term relationships with our existing customers and address specific issues in local business requirements of potential customers in the Southern region of India.

Attract and retain talented professionals

We believe that the experience and knowledge of our senior and middle management have played significant role in the growth of our Company. We have been successful in attracting and retaining a team of professionals with experience in credit evaluation, risk management, technology and marketing. We believe, we have created the right balance of performance and other economic incentives for our employees so that they will be motivated to develop business, achieve profitability targets and control risk. We will, from time to time, review our systems and procedures to enable us to respond effectively to changes in the business environment and enhance our overall performance.

Improvement in credit rating to reduce cost of funding

We meet our funding requirements through several sources *viz.* secured and unsecured non-convertible debentures on private placement basis, fixed deposit from retail investors, terms loan and working capital loan from banks / financial institutions, public issue of non-convertible debentures and private placement of subordinated debt. The RBI, vide its circular RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 (also mentioned vide RBI’s Master Direction DNBR.PD.002/03.10.119/2016-17 dated August 25, 2016 updated as on November 22, 2019), placed certain restrictions on raising money by NBFCs through private placement in the form of non-convertible debentures and acceptance of fixed deposit. Previous to the RBI Circular, majority of our fund requirements had been met through private placement of non-convertible debentures and fixed deposit from retail investors. Accordingly, in view of the restrictions placed vide RBI circular, we have been concentrating and exploring alternative sources of fund *viz.* long-term loan from banks / financial institution funding or public issue of non-convertible debentures or issue of rated secured/unsecured senior non-convertible debentures on private placement basis. The mobilization of funds from the alternative sources at competitive cost would need to maintain / upgrade the credit rating of our Company. Hence, we intend to improve our credit rating which assists in raising the fund at competitive rates and enhancement in profitability and financial position of the Company.

Upgrade infrastructure and office equipment by incorporating the state-of-the-art information technology system

We believe that information technology is a strategic tool for our business operations to gain competitive advantage and to improve overall productivity and efficiency of the organization. All our technology initiatives are aimed at enhancing our service levels / customer convenience and improving loan administration and recovery while minimizing costs. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship-based approach. We believe deployment of strong technology systems enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities.

BUSINESS PROCESS

We have classified our business processes into three parts as under:

1) Customer Acquisition and Retention ("CARE")

We primarily focus on soliciting new customers in target business segment as well as retaining existing customers. We originate our business through our branch network and marketing officers known as Customer Service Point **("CSP").** As on the date of Prospectus, we have network of 51 branches located in the States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Union Territory of Puducherry. Each of our branch is linked to 3 - 5 CSPs. The CSPs are marketing officers belonging to local residence having the domain knowledge of that area which enables us in acquiring and retaining of customers. This will facilitate faster credit delivery to customer and maintain good relationship with customers. The CSPs identify the business opportunity in terms of business policy of the Company and link it to the branch concerned for further process.

We have developed effective sourcing and customer origination initiatives specifically targeted at SRTOs / MRTOs through establishing connection with various transport and other associations for procurement of database for scouting the new customers, publishing advertisements in print media and conducting road shows in the target market. Further, our existing customers/guarantors are also good source of business generation. We develop and maintain long-term personalized relationship with our existing customers, which enable us to generate business from same customers or through referral business.

2) Customer Appraisal Process ("CAP")

On identifying suitable opportunity, the CSPs report it to the branch concerned for pre-appraisal process along with necessary documents and information. The CSPs and the cluster head / branch manager pre-appraise the business proposal in terms of the credit policy of the Company and verify customer profile, credit history, vehicular records, value of vehicle and KYC documents. They also conduct visit and inspect the vehicle, take chassis number, pencil print / photo to determine genuineness and value of the asset to be financed.

The branch sends the proposal / report and recommendation along with all physical documents including inspection report to the credit appraisal team at Head Office. The appraisal process is centralized at Head Office and all the branches are linked through web which expedites appraisal process. The credit appraisal team examines independently profiles of all intended borrowers / guarantors, capacity and intention to repay the loan, vehicle inspection report and other relevant documents. External and Internal Dedupe Checks form part of our appraisal. In case a new entrant client in SFL's book, investigation is done by Field Investigation ("**FI"**) department of our Company which works independently. It collects information about prospective borrowers / guarantors, verify the facts and submit a report before sanctioning the loan to enable the credit department in taking suitable decision. On completion of evaluation process, the proposals along with field investigation report, if applicable, placed before the sanctioning authority for their approval. On approval by the sanctioning official or otherwise, the decision will be communicated to the cluster / CSPs. On fulfillment of the terms and conditions of such approval, the files are sent to Risk Containment Unit ("**RCU**") and to payment section. For better risk management, RCU department re-verifies genuineness of various documents, particularly vehicle records, insurance policy, chassis /engine number genuineness etc. to eliminate risk at the nip itself, to facilitate genuine customers getting into our books by liasioning with various departments like RTO, Insurance etc. After re-verification by RCU department, the payment will be made to the borrower with suitable intimation to the branch concerned.

Credit Policy

We have designed a stringent credit policy to maintain our asset quality of hire purchase and the security provided for such loans. Our credit policy briefly includes:

Classification of Assets	We have classified assets under normal, negative and low profile category depending upon vehicle model, liquidity in market, market perception, nature etc. All assets coming under goods vehicle, passenger vehicle and infrastructure having income generating capacity which reduce our credit risk, comes under normal category. Other than normal category, assets have been classified under low and negative profile, which are not eligible for finance. We typically extend loans to vehicles that are not more than 10 years but age limit may vary as per usability in specific geographies.
Classification of Customers	We primarily provide the vehicle finance to FTC / SRTOs / MRTOs and LFOs. To mitigate the credit risk, we classify customers under normal, low and negative profile depending upon their nature of occupation, business activities etc. We do not extend finance to customers coming under purview of negative / low profile category.
Grading of Customers	We segregate the eligible target customers into three categories on the basis of their credit track record viz. (a) Excellent Track Record ("**ETR"**) (b) Good Track Record ("**GTR"**) and (c) Acceptable Track Record **("ATR")**. We adopt very stringent credit criteria with respect to Loan to Value ratio, interest rate, guarantors etc. Further, our credit policy categorises customers as First Time Customer **("FTC")** who are new entrants. The exposure limit and loan to value ratio, depend upon category of customers.
Differentiable Loan to Value ("**LTV"**) **Ratio**	As a part of Credit Policy, we have pre-determined market value matrix for all eligible assets (including commercial / constructions / infrastructure vehicles). Further, we reckon customer category i.e. ETR / GTR / ATR, to arrive Loan to Value ratio. Further, our Credit Policy stipulates stringent criteria of Loan to Value ratio for customer's categories under first time use funding policy. For arriving at valuation matrix, we follow the basis viz. (i) Market value as gathered from peers in the industry, sales details, etc., (ii) Opinion from authorized valuer for unregistered, non-routine assets, (iii) Insured Declared Value for registered/ unregistered, non-routine assets and (iv) Market value of the vehicles can be approved / altered, if required, within the financial year after getting approval from the Credit Committee.
Defined Geographical Concentration	As per the Policy, the Company will focus on the 4 Southern States i.e. Tamil Nadu, Kerala, Karnataka and Andhra Pradesh. The Policy also stipulates volume of business from each State and concentration of sector in respect of each State viz. transport, agriculture, construction equipment and others.
Ceiling on Exposure	The Policy also stipulates volume of business from each State and concentration of sector in respect of each State viz. transport, construction equipment agriculture and others. We stipulate exposure in terms of Loan to Value (**"LTV"**) percentage of the asset on the basis of customer profile, repayment culture and other relevant factors. Lending to single borrower is linked to profile, span of relationship, repayment culture and inherent strength of the customer / group. Lending to single borrower is restricted to 15% of net owned funds of the Company or 25% to single group of borrowers. We have delegated sanctioning power to various grades of sanctioning authority depending upon the exposure to a particular customer / group. We have also stipulated exposure limit for a particular customer / group customer, in excess of which the transaction will be forwarded to Credit Committee for sanction with the recommendation of Working Committee.
Collateral and Guarantor requirement	Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor must be a commercial vehicle owner, preferably persons engaged in similar line, having ETR / GTR / ATR repayment record, having immovable properties and having good reputation.
Vehicle Insurance	The vehicle should have mandatory comprehensive insurance valid for at least 2 months. The insurance policy shall have endorsement in favour of our Company.
Key processes	The policy stipulates key processes to be followed at various levels / departments in the organization for evaluation of credit worthiness of customer, tele-verification check, physical verification and CIBIL check report. As per the KYC Policy of the Company, all applicants have to provide copies of Aadhaar Card / Valid Passport / Driving License / PAN Card / Voter ID / Letter issued by the National Population Register containing details of name and address.

	A certified copy of an Officially Valid Document ("**OVD**") containing details of photo identity and address.

Disbursement

We disburse the advance amount on receipt of approval from sanctioning authority and submission of all necessary documents by the customers as per the terms and conditions of approval. The sanctioning officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation. Prior to the loan disbursement, the sanctioning officer ensures that a Know Your Customer checklist is completed by the applicant. The sanctioning officer verifies such information provided and includes such records in the relevant loan file. The sanctioning officer is also required to ensure that the contents of the loan documents are explained in detail to the borrower and guarantor either in English or in the local language of them and a statement to that effect is included as part of the loan documentation. The borrower is provided with a copy of the loan documents / agreements executed by him. Although our customers have the option of making payments by cash or cheque, we may require the applicant to submit ECS mandate and bank details prior to any loan disbursement. For used vehicles, an endorsement on the registration certificate as well as the insurance policy must be executed in our favour.

3) Customer Asset Management Process ("CAMP")

The critical success factor of an NBFC is its ability to manage the advance portfolio and recover the money lent on due dates. There is a team at Head Office, which continuously monitor the recovery and offers support to branches and CSPs on exceptional accounts which pose collection problems.

The loan documentation, administration and monitoring play a crucial role in maintaining asset quality by initiating desirable action at appropriate time. On intimation of sanctioning the finance, branch concerned takes care of execution of loan agreement / hire purchase agreement with the borrower and guarantor and other relevant documents. The loan repayment schedule is attached to the agreement. We hand over a copy of loan agreement / hire purchase agreement, repayment schedule and terms and conditions of hire purchase agreement to customers for their record. As a service to our customers, the CSP offers to visit the customers on the payment date to collect the instalments due. We monitor the track record of our customers regularly on monthly basis covering outstanding tenor and amount of loan, number of instalments due and default committed.

With view to enhance the operational efficiency, we have clearly defined area as well as limit on number of loan accounts to be evaluated and monitored by each branch office and CSP. Each branch operates within the radius of 100 km and CSP operates within a radius of 40 km under the relevant branch jurisdiction. Each branch administers and monitors 500 to 1000 accounts. Each CSP administers and monitors 150 to 250 customers and in the event of a CSP reaching the mark of 150 customers, we provide the assistance of one or two support officers, depending upon the number of further accounts operated by him to assist in the loan monitoring process. Once a CSP reaches the level of 300 customers mark, the CSP is converted into a full-fledged Branch with necessary infrastructure and information system.

We have also clearly defined authority level to monitor in the event of delay in making the payment of loan instalments. For instances, any delay between (a) 30-90 days monitored by branch manager (b) 90-180 days by collection specialists (c) 180-270 days by CAMP officer and (d) more than 270 days by the Head Office through its CAMP department and legal department.

Collection and Recovery

In case of delay in payment, we personally visit the customer place, interact and find out the reason for delay and genuineness. In case, we are satisfied with the difficulty of customer, we restructure the loan payment schedule accordingly. We also issue notice to the customers as well as guarantors about delay in making payment. In the event of delay or non-payment of dues, we repossess the vehicle and liquidate the same and recover balance outstanding dues. If the amount recovered from liquidating vehicle is not sufficient to clear our dues, we take legal recourse against the borrowers and guarantors.

WINDMILL OPERATION

In addition to finance business, we generate power from windmills and sell it to Tamil Nadu Electricity Board and Gujarat Urja Vikas Nigam Limited. At present, we have 17 windmills with aggregate capacity of 5,150 KW located in the States of Tamil Nadu and Gujarat.

The details of our windmills are given as under:

Location	Number of windmills	Total capacity (kW)	Land area (Acre)
Ponnapuram Village, Dharapuram Taluk, Tirupur Dist.	3	675	20.00
Munduvelampatti Village, Dharapuram Taluk, Tirupur Dist.	3	750	5.10
Veppilankulam Village, Tirunelveli Dist.	8	1,800	4.73
Panathampatti, Metrathi Village, Udumalpet Taluk, Tirupur Dist.	1	225	1.97
Mouje Village, Mota Gunda, Bhavnad Taluk, Jamnagar Dist*	2	1,700	4.94*
Total	**17**	**5,150**	**36.74**

** All the above lands are owned by us except for the piece of the lands occupied at Jamnagar for windmill operation is on lease basis for a period of 30 years with effect from January 31, 2011.*

SELECTED FINANCIAL INFORMATION

Disbursals

For FY 2021 we have disbursed loan of ₹ 52,799.59 lakh as against ₹ 67,131.64 lakh for FY 2020. There was a drop in disbursal for FY 2021 on account of the ongoing Covid pandemic. The break-up of disbursals across our business operations are as under:

(₹ Lakh)

Disbursement	For six (6) Months Ended September 30, 2021		2021		2020		2019	
	₹ Lakh	%	₹ Lakh	%	₹ Lakh	%	₹ Lakh	%
Commercial Vehicle Finance	19,306.65	95.44	51,088.00	96.75	65,120.76	97.00	56,319.72	97.53
Infrastructure Equipment Finance	808.55	4.00	1,476.21	2.80	1,525.17	2.27	993.00	1.72
Others	114.80	0.56	235.38	0.45	485.71	0.73	434.28	0.75
Total	**20,230.00**	**100.00**	**52,799.59**	**100**	**67,131.64**	**100.00**	**57,747.00**	**100.00**

Asset Classification and Provisioning Policy

The Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 ("**Master Directions**") provide standards for asset classification, treatment of NPAs and provisioning against NPAs for deposit-taking NBFCs in India.

Our Company holds provisions as per the Expected Credit Loss (**"ECL"**) framework provided under Ind AS 109. The RBI requires us to simultaneously compute provisions as per extant prudential norms on income recognition, asset classification and provisioning and appropriate from net profit or loss after tax, the difference between the aggregate provisioning at the individual company level using the two approaches to a separate impairment reserve. Any withdrawals from this reserve can be done only with prior permission from the RBI.

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

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

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

Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, are classified under this stage. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12-month ECL for Stage 1 assets.

Stage 2:

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

Stage 3:

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

The following table set out details regarding the classification of credit exposure:

a. As per RBI Returns and Ind AS 109 compliance

(₹ Lakhs)

Particulars	Sept 30, 2021		March 31, 2021		March 31, 2020		March 31, 2019	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
(I) RBI Returns- IRCAP								
Standard Assets	104,608.72		107,392.45	95.05	104,684.94	94.87	90,348.14	94.95
Gross NPA of which:	6,300.84	5.68	5,594.01	4.95	5,662.99	5.13	4,803.09	5.05
- Sub-standard	1,937.80	1.75	2,384.58	2.11	2,561.83	2.32	2,092.48	2.20
- Doubtful	1,830.45	1.65	896.78	0.79	1,537.64	1.39	1,956.35	2.06
- Loss	2,532.59	2.28	2,312.65	2.05	1,563.52	1.42	754.26	0.79
Total loan assets / gross credit exposure	110,909.56	100.00	112,986.46	100.00	110,347.93	100.00	95,151.23	100.00
Provision for non-performing assets – IRCAP	3,562.82		3,071.18		2,640.39		2,066.17	
Amount written-off	35.07	0.03	166.76	0.15	170.29	0.15	264.64	0.28
(II) Ind AS 109 – ECL Allowance								
Gross Carrying Amount of Assets	110,909.56		112,986.46		110,037.71		95,149.43	
Stage 3 Gross Loan Assets	6,300.84	5.68	5594.01	4.95	4,983.03	4.53	4,651.48	4.89
ECL Allowances (All Stages)	4,153.66		3632.73		2,991.53		2,495.31	
Net Carrying Amount of Assets	106,755.90		109,353.73		107,046.18		92,654.12	
Stage 3 Net Loan Assets (% denote as % on net carrying amount of Assets)	2,738.02	2.56	2,522.83	2.31	2,411.34	2.24	2,565.29	2.76
Amount Written-off	35.07		166.76		170.29		264.64	

Source: Periodic RBI returns and Reformatted Financial Information

Funding sources

We source our funds requirement through a combination of equity, preference capital, public deposits and debt, depending upon the prevailing cost of the debt and its forecast of future movement. Our Company has formulated a resource raising policy, with an objective to give direction for raising resources at competitive cost, maintaining adequate liquidity level, maintaining the mismatch level between asset maturity pattern and liability maturity pattern within the tolerance level and maintaining leveraging level to net owned fund.

The total funds deployed and combination of shareholders fund and debt fund for the last five years is as under:

(₹ lakh)

As on	Shareholder Funds*	Total Debt funds #	Debt Equity ratio
30-Sep-21	16,266.56	110,474,98	6.79
31-Mar-21	15,941.93	103,567.77	6.50
31-Mar-20	15,547.13	102,280.44	6.57
31-Mar-19	12,918.96	90,950.00	7.04

** Share capital [Equity and Preference capital] + Reserves and Surplus (excluding revaluation reserve) - miscellaneous expenditure (to the extent not written off or adjusted) till year ended/ as at September 30, 2021.*

 # In total debt funds, secured and unsecured loan also include interest accrued and due thereon. (Preference capital as debt) since April 01, 2019.

Debt fund

Our debt funding currently comprises several sources *viz.* deposits, non-convertible debentures, term loans, working capital demand loan for varying periods. The composition of debt fund of the Company is as under:

Particulars	As at September 30, 2021		2021		2020		2019	
	₹ *lakh*	%	₹ *lakh*	%	₹ *lakh*	%	₹ *lakh*	%
SECURED LOANS								
Redeemable non- convertible debentures (Private Placement)	12,147.69	11	12,006.93	12	10,682.10	10	9,015	10
Redeemable non- convertible debentures (Public Issue)	30,519.03	28	17,157.21	17	20,926.77	21	14,934	16
Term loans from financial institutions, and other lenders	6,464.45	6	8,573.28	8	6,718.22	7	3,830	4
Cash credit and demand Loans from Banks	9,308.49	8	14,589.91	14	14,558.34	14	17,016	19
TOTAL SECURED LOANS (A)	**58,439.66**	**53**	**52,327.33**	**51**	**52,885.43**	**52**	**44,795**	**49**
UNSECURED LOANS								
Preference Share Capital	1,560.70	2	1,842.38	1	1,635.00	2	**0**	**0**
Fixed deposits	13,024.30	12	17,512.70	17	19,737.59	19	18,798	21
Subordinated debt	25,956.61	23	25,374.80	25	23,445.07	23	24,856	27
Redeemable non- convertible debentures (Public Issue)	11,493.71	10	6,510.56	6	4,577.35	4		
Senior unsecured Redeemable non- convertible debentures	-	-	-	-	-	-	2,501	3
TOTAL UNSECURED LOANS (B)	**52,035.32**	**47**	**51,240.44**	**49**	**49,395.01**	**48**	**46,155**	**51**
TOTAL LOAN FUNDS (A+B)	**110,474.98**	**100**	**103,567.77**	**100**	**102,280.44**	**100**	**90,950**	**100**

The above figure include interest accrued and due thereon.

The figures as at September 30, 2021 are based on the Reformatted Financial Statements submitted by the Company.

Our short-term fund requirements are primarily funded by cash credit from banks including working capital demand loans. Cash credit from banks including working capital demand loans outstanding as at September 30, 2021 was ₹ 9,308.49 lakh.

We are registered as a deposit-taking NBFC with the RBI under Section 45-IA of the Reserve Bank of India Act 1934, which authorizes us to accept deposits from the public. As at September 30, 2021, we had fixed deposits outstanding of ₹ 13,024.30 lakh.

The average cost of debt funds is as under: (As at March 31)

Sept 2021	2021	2020	2019
10.13%	10.42%	10.55%	11.00%

We believe that we have developed a stable and long-term relationships with our lenders and established a track record of timely servicing of our debts and have been able to secure funds at competitive rate.

Capital Adequacy Ratio

We are subject to the Capital Adequacy Ratio (**"CAR"**) or Capital to Risk Adjusted Ratio ("**CRAR**") requirements prescribed by the RBI. As per RBI notification dated February 17, 2011 (amended from time to time) all Deposit-Taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II Capital, which shall not be less than 15.00% of its aggregate risk weighted assets of on-balance sheet and risk adjusted value of off-balance sheet items *w.e.f.* March 31, 2012. Further, pursuant to RBI Circular dated November 10, 2014, all NBFCs-D, shall maintain a minimum Tier I Capital of 10%. Our Company maintains stipulated Capital Adequacy Ratio.

The following table sets out our CRAR as on the dates indicated:

(₹ Lakh)

Particulars	As at Sept 30, 2021	As at March 31		
		2021	2020	2019
Eligible Tier I Capital	15,984.17	15,702.21	15,357.08	13,887.80
Eligible Tier II Capital	11,221.92	11,395.40	10,768.57	9,596.46
Total Capital	27,206.09	27,097.61	26,125.65	23,484.26
Risk Weighted Assets				
Adjusted value of funded risk assets	116,986.17	119,663.64	118,528.80	104,388.56
Adjusted value of non-funded risk assets	669.06	669.06	669.06	669.06
Total Risk Weighted Assets	117,655.23	120,332.70	119,197.86	105,057.62
Capital Adequacy Ratio (%)	**23.13**	**22.52**	**21.91**	**22.35**
Tier I Capital (%)	13.59	13.05	12.88	13.22
Tier II Capital (%)	9.54	9.47	9.03	9.13

Credit Rating

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. The following table sets out our credit ratings for FY 2021-2022:

Rating Agency	Instruments	Rating	Limit (₹ lakh)
ICRA Limited	Non-convertible debenture (Proposed)	[ICRA] BBB (Stable)	10,000
ICRA Limited	NCD (Listed and Unlisted)	[ICRA] BBB (Stable)	49,780
ICRA Limited	Fund Based Term Loan	[ICRA] BBB (Stable)	8,310
ICRA Limited	Fund Based Long Term Facilities from Banks - Cash Credit (CC)	[ICRA] BBB (Stable)	13,166
ICRA Limited	Fund Based Interchangeable (as a sub limit of Cash Credit)	[ICRA] BBB (Stable) / [ICRA] A2	6,866
ICRA Limited	Short Term Facilities from Banks – WCDL	[ICRA] A2	10,000
ICRA Limited	Fixed Deposits	MA- (Stable)	-

The ratings provided by credit rating agency may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

INSURANCE

We maintain insurance cover for our free-hold / lease-hold and tangible properties and infrastructure at all owned premises which provide insurance cover against loss or damage by fire, earthquake, electrical and machinery break-down. Further, we maintain insurance cover for cash in safe for the office premises and cash in transit policy which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up.

RISK MANAGEMENT

Effective Risk Management is fundamental to success in the financial services industry and a basic expectation of shareholders, regulators and customers. We are exposed to several risks in the course of our business viz. Credit Risk, Market Risk, Liquidity Risk and Interest Rate Risk, Operational Risk, Reputational Risk, Cash Management Risk and Regulatory and Compliance Risk. We have evolved a strong, integrated and comprehensive risk-assessment process which has resulted in stable growth with good asset quality. We have established Risk Management Committee which reviews risk management policy developed by the management reviews the annual risk management framework document and periodically reviews the process for systematic identification and assessment of the business risk. We also periodically monitor the critical risk exposure and report to the board the details of any significant developments and make recommendations to the Board on need basis for effective risk management. The key risks and risk mitigation process we apply to address these risks are summarized below:

Market Risk: Interest Rate Risk and Liquidity Risk

Interest Rate Risk

Our Company's assets and liabilities consist of items sensitive to re-pricing as well as non-sensitive items. The difference between interest rate sensitive assets and liabilities affect net interest margin or net interest income. Net interest income is the difference between our interest income and interest expense. Since our balance sheet consists of rupee assets and rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. We borrow funds at fixed and floating rates of interest, while we extend credit at fixed rates. In the absence of proper planning and in a market where liquidity is limited, our net interest margin may decline, which may impact our revenues and ability to exploit business opportunities. We have developed stable and long-term relationships with our lenders and established a track record of timely servicing of our debts. This has enabled us to become a preferred customer with most of the major banks and financial institutions with whom we do business. An interest rate gap statement is prepared by classifying assets and liabilities into various time period categories according to contracted maturity on monthly basis. The difference between the amount of assets and liabilities maturing would give an indication of the extent of exposure to the risk of potential changes in the margin. Based on the above, ALCO would propose for a pricing of products including sources of funds. Moreover, our valuation capabilities enable us to invest in good quality assets with stable, attractive yields.

Liquidity Risk

Measuring and managing liquidity needs are vital for effective operation of the company. Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost or of appropriate tenor, to meet our business requirements. We actively monitor our liquidity position and attempt to maintain adequate liquidity at all times to meet all requirements of all depositors and debenture holders while also meeting the requirements of lending. We prepare maturity gap analysis to review the liquidity position. Dynamic analysis is also done to enable requirement of liquidity for short term fund requirement. Further, we have developed expertise in mobilizing long-term and short-term funds at competitive interest rates, according to the requirements of the situation. As a matter of practice, we generally do not deploy funds raised on short term borrowing for long-term lending.

For management of interest rate risk and liquidity risk, the Board has constituted an Asset Liability Management Committee ("**ALCO"**). The primary objective of ALCO is to review at periodic intervals the liquidity risk, interest rate risk sensitivity and the pricing of various products of our Company.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under the loan agreements with us. As stated above, borrower defaults and inadequate collateral may lead to higher NPAs. We minimize credit risk by requiring that each loan must be guaranteed by another commercial vehicle operator in the same locality as the borrower, preferably by an existing or former borrower. Furthermore, we lend on a relationship-based models and our loan recovery ratios indicate the effectiveness of this approach for our target customer base. We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the lead generation stage. Our extensive regional presence also enables us to maintain regular direct contact with our customers. In this regard, we assign personal responsibility to each member of the lead generation team for the timely recovery of the loans they originate, closely monitoring their performance against our Company's standards and maintain client and vehicles-wise exposure limits. The company has an effective post sanction monitoring process, supervision and follow-up to identify credit portfolio trends and early warning signals. This enables to implement necessary changes to the credit policy, whenever the need arises.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. The operational risks are managed through comprehensive internal control systems and procedures and key back-up processes. We have evolved a system of submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans for evaluating key operational risks.

Cash Management Risk

Our Head Office and branch offices collect and manage large volume of cash of customers' payments. Lack of proper cash management practices could lead to losses. To address cash management risks, our company has formulated a cash management policy with an object to establish proper systems and procedures, safety and security in relation to cash management of the company at our Head Office and Branches. The policy covers activities like custody of cash and other valuables during business hours and overnight as also while in transit, custody of its keys / duplicate keys, adequacy of insurance over its property, cash retention limit and system of monitoring, security arrangements, systems in place to deal with theft / robbery etc. The collection of cash is made through ERP, if the cash is collected at the branch and using hand-held device if the cash is collected in the field. In case of hand-held devices, the receipts issued are to be transferred to S3G (system for advances) application server maintained at Head Office immediately and the collection staffs are advised to deposit the cash collection into our company's bank account either on the same day or on the next working day. In case cash is not deposited on the same day, it is to be reported to the senior executives at Head Office by way of auto generated system report, who regularly monitor the collections and remittance of cash on daily basis. Our company has also put limit on acceptance of cash in aggregate from a person in a day, in respect of a single transaction and in respect of transactions relating to one event or occasion from a person. Further, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

Reputational Risk

The Reputation risk arises from the negative public opinion. Such type of risk may arise from the failure to assess and control compliance risk and can result in harm to existing or potential business relationships. We continually solicit feedback from employees and customers on issues concerning the image of the company and negative public opinion, if any, address on priority basis.

Regulatory and Compliance Risk

Regulatory and compliance risk are the risks to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures or ethical standards. The regulatory and compliance risk will also be the result of any changes made in laws, rules or regulations to comply with. There may be some differences in interpretation of regulations by the company *vis-à-vis* that of the regulators. Our Company has adopted a watch dog approach in the system ensuring compliance of laws and regulations by risk management on an on-going basis and ensuring timely submission of periodical reports to regulatory authorities is put in place to avoid legal/compliance risk, Further, our Company has engaged experienced professionals in different departments in order to take care of compliance with the applicable laws, rules and regulations and guidelines affecting company's business. Our Company also takes advice from reputed external consultants in respect to the laws, rules or regulations affecting the company's business.

EMPLOYEES

The availability of experienced and quality human resource play significant role in the growth and maintaining the asset quality of the Company. Our human resource policy is to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among employees. We are taking necessary steps to strengthen the organizational competency through training at all levels and installing effective systems. Our total employee strength was 510 as on December 2021.

We have built our human resource primarily by recruiting experienced personnel in the segments. We also identify interested fresh graduates in our business segment and transform them into competent work force even at the entry level by providing training in all facets of business including procurement, appraisal, legal, regulatory requirements and financial matters. Under our training programme, we emphasize both classroom training as well as on-the-job skills acquisition. Post recruitment, an employee undergoes induction training to gain an understanding of our Company and our operations. We also conduct training and development program on regular basis to upgrade knowledge, skills and performance of the employees. Since success of our operation primarily depends on closeness with our customers, we prefer to hire our workforce from the locality in which they will operate, in order to benefit from their knowledge of the local culture, language, preferences and territory. Further, since our marketing officers are responsible for customer origination, loan administration and monitoring as well as loan recovery it enables them to develop strong relationships with our customers.

Our organizational structure (refer Page 114 for Organisation Structure) relies on efficient communication and feedback system. We evaluate the performance of our employees at regular interval in line with target allocated to them. We provide a performance-based monetary as well as non-monetary incentive to the employees along with progressive career path. In the event of low or moderate performance, we deliberate it with employee, identify the reason and take appropriate steps in the form of extending training or support from branch office to achieve the desired performance.

TECHNOLOGY

We have a suitable software set-up for handling the hire purchase, financial accounting and fixed deposits related operations in an integrated manner to support the growth of the Company and also to enhance the associated services. For hire purchase operations, we are using an application called S3G (Smartlend 3rd Generation) and for financial accounting / costing / assets management and fixed deposit operations, we are using SAP ERP software. The requisite hardware, software, networking and power-conditioning components are in place to support the effective deployment of the business applications. Suitable Business Continuity Management **("BCM")** measures are in place including the Disaster Recovery **("DR")** set-up.

All the business units including the branches are well connected to the Coimbatore Head Office through Software Defined - Wide Area Network ("**SD-WAN**") arrangement to access the centralized software applications in a secured manner. Automation is being done in all possible avenues including the enablement of the marketing officers with computers, hand-held devices, smart phones etc. for handling their jobs effectively.

The reputed Customer Relationship Management ("**CRM**") application, **salesforce.com** is being implemented to shorten the turn-around-time of the marketing operations till the payment stage and also to enhance the productivity of the marketing officers. Our company has also taken steps to interact with all stakeholders through video and audio conferencing and electronic means as well. A web enabled mobile application is implemented to enable the effective collection by the front-end team. A reputed and web enabled application, **peoplestrong.com** is in place to handle the entire cycle of the Human resources related operations. MS365 platform is also established to enable the collaboration among the internal stakeholders through emails, chats, video and audio-conferencing facilities.

PROPERTY

Our Registered and Head Office is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018. The registered office building is owned by us while the land on which the registered office built was taken by our Company on lease basis from Sri. M. Srinivaasan, Director of our Company vide a lease agreement executed on July 12, 2021 for a period of 3 years months commencing from April 01, 2021 with a provision for renewal thereafter on mutually agreed terms and conditions.

We operate our business operation through network of branches and CSP. Except for Mumbai and Madurai branch offices, which are owned by us, all other branches are occupied by us on lease or license basis. We own land which comprises for our windmill operations, the brief details of which are provided at page 105 of Chapter titled "***Our Business***" of the Prospectus. We also hold 6 other immovable properties which are used for various other purposes by our Company. Our Company has acquired a piece of land in Coimbatore for Corporate Office purpose.

Intellectual Property

We have made an application for registration of our logo with Registrar of Trademarks, Chennai Tamil Nadu for English, Tamil, Malayalam and Telugu. Out of these, logos for English Sakthi Finance Since 1955 and Malayalam ശക്തി ഫൈനാൻസ് 1955 മുതൽ are approved.

COMPETITION

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicle and our target customers comprise SRTOs / MRTOs. In this segment, we primarily face the competition from the private unorganized financiers that principally operate in the local market. Unorganized players cater to the bulk of demand for pre-owned truck financing. These unorganized players have significant local market expertise, but lack brand image and organizational structure. The small private financiers have also limited access to funds and may not be able to compete with us on interest rates extended to borrowers, which we are able to maintain at competitive levels because of our access to a variety of comparatively lower cost funding sources and operational efficiencies from our scale of operations. However, private operators may attract certain clients who are unable to otherwise comply with our loan requirements, such as the absence of an acceptable guarantor or failure of the commercial vehicle to meet our asset valuation benchmarks.

Organized players like Banks and larger NBFCs are entering this refinance business. However, most of our customers are not a focus segment for banks or large NBFCs, as these customers lack substantial credit history and other financial documentation on which many such financial institutions rely to identify and target new customers. Even though more NBFCs are entering into this segment, we believe that only NBFCs with good network of field staff, effective relationship management and customer evaluation tools can succeed in this business. Our long presence in the segment with experience-based valuation methodology, growing customer base and relationship-based approach are key competitive advantages against new market entrants.

COLLABORATIONS

Except as disclosed in the Prospectus, our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.

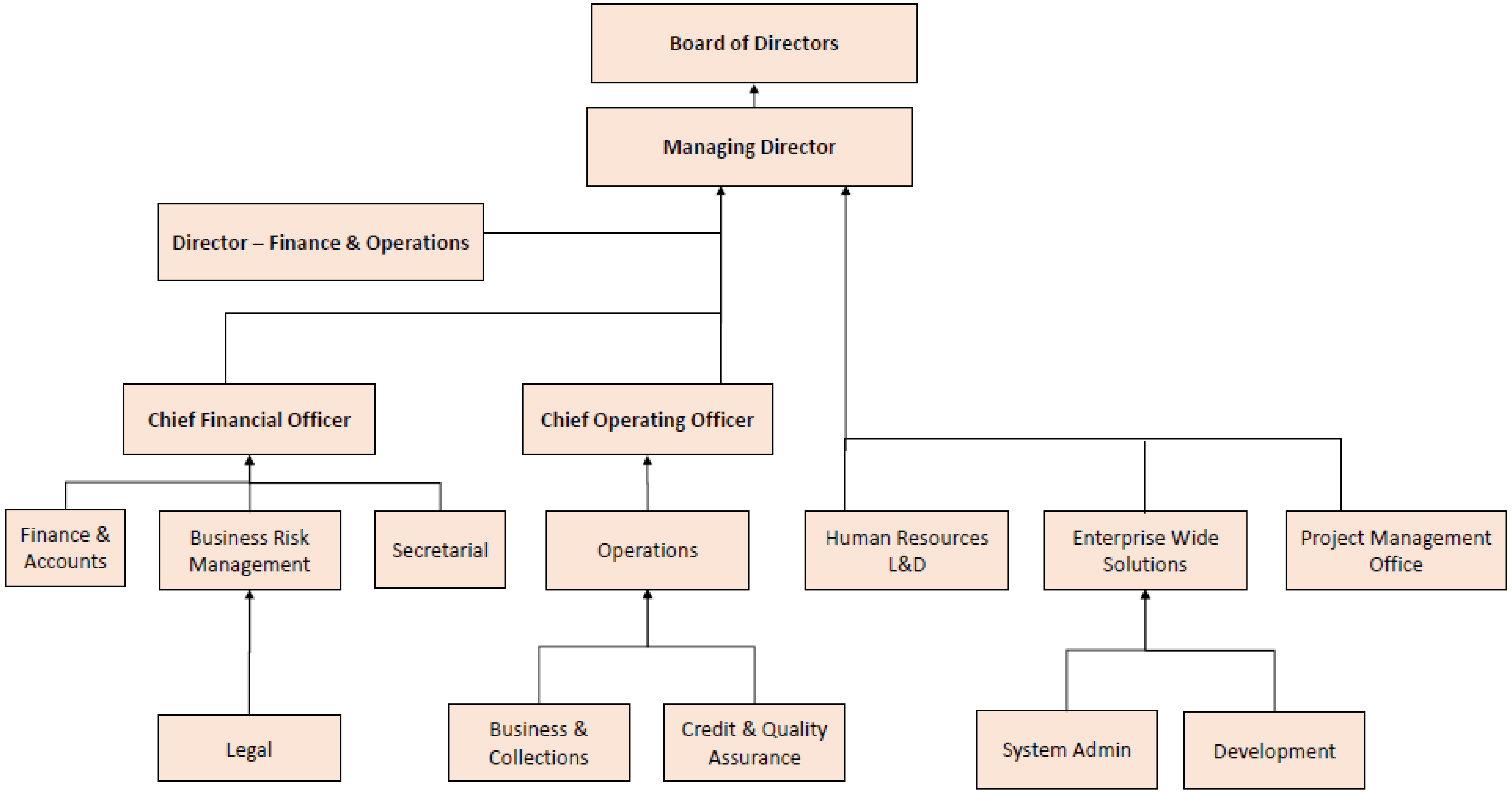
CORPORATE SOCIAL RESPONSIBILITY

Recognizing our social responsibility, we undertake various initiatives aimed at contributing to society at large, including supporting various charitable projects and social welfare activities.

For the Fiscals 2021, 2020 and 2019 we incurred ₹ 37.58 lakh, ₹ 12.19 lakh and ₹ 40.79 lakh respectively on CSR initiatives.

Our 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.

Organisation Structure



HISTORY AND CERTAIN CORPORATE MATTERS

BRIEF BACKGROUND OF THE COMPANY

Our Company was promoted by Late Dr. N. Mahalingam and incorporated as "The Pollachi Credit Society Private Limited" on March 30, 1955 under the Indian Companies Act, 1913. Our Company was later converted into a public limited company and the name of our Company was changed to Sakthi Finance Limited on July 27, 1967 and a fresh Certificate of Incorporation was obtained from Registrar of Companies, Madras. Our Company came out with its first public issue of equity shares in 1984 and mobilized ₹ 75 lakh and the Equity Shares of the Company were listed on BSE, MSE, The Delhi Stock Exchange Limited and Bangalore Stock Exchange Limited. At present, the Equity Shares of our Company are listed only at BSE Limited. The corporate identification number of our Company is L65910TZ1955PLC000145.

Our Company holds a certificate of registration issued by the RBI dated April 17, 2007 bearing registration No. 07-00252 to carry on the activities of an NBFC under Section 45-IA of the RBI Act 1934 as an NBFC-Investment and Credit Company-Deposit-Taking (formerly Asset Finance Company). Our Company's business currently involves acceptance of deposits, non-convertible debentures, hire purchase financing of commercial vehicles, machinery etc. with its main focus on the financing of pre-owned commercial vehicles. Presently, we have a network of 51 branch offices located in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, New Delhi and Union Territory of Puducherry. For details in relation to our business activities, please refer Chapter titled **"*Our Business*"** on page 98.

Disclosures required under Section 30 of the Companies Act, 2013

The signatories to the Memorandum of Association were Dr. N. Mahalingam and Sri. A. Subramaniyam who had subscribed to 10 and 5 equity shares of ₹ 1,000 each respectively of the Company. The liability of the members of our Company is limited by shares.

Registered Office and changes in registered office of our Company

At present our Registered Office is situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore 641 018, Tamil Nadu. The details of change in the registered office are as under:

Effective Date of change	Address changed	
	From	To
01/06/1961	4&4A, Goods Shed Road, Pollachi - 642001	28, Nachimuthu Gounder Street, Pollachi – 642 001
09/09/1967	28, Nachimuthu Gounder Street, Pollachi - 642001	62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore – 641 018

Key events, milestones and achievements since FY 1984-85

FY	Particulars
1984-85	▪ Company made an initial public issue of Equity Shares for ₹ 75 lakh. ▪ The Equity Shares were listed on BSE, MSE and Delhi Stock Exchange Ltd.
1985-86	▪ Fixed deposit acceptance crossed ₹ 1,000 lakh ▪ Company expanded safe deposit locker operations ▪ Stock on hire limit crossed ₹ 1,000 lakh ▪ 10 branch offices opened
1986-87	▪ Stock on hire limit crossed ₹ 2,500 lakh ▪ Paid up capital rises to ₹ 100 lakh
1987-88	▪ Gross income exceeded ₹ 1,000 lakh ▪ Crossed limit of 25 branch offices
1988-89	▪ Fixed deposit acceptance crossed ₹ 6,000 lakh ▪ Number of fixed depositors crossed 1,00,000 mark ▪ Crossed limit of 38 branch offices
1989-90	▪ Fixed deposit acceptance crossed ₹ 8,000 lakh
1990-91	▪ Fixed deposit acceptance crossed ₹ 10,000 lakh ▪ Stock on hire crossed ₹ 7,000 lakh ▪ Gross income crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 1,000 lakh
1991-92	▪ Stock on hire crossed ₹ 7,500 lakh
1992-93	▪ Fixed deposit acceptance crossed ₹ 12,000 lakh

FY	Particulars
1993-94	▪ Stock on hire crossed ₹ 10,000 lakh ▪ Bank borrowings limit crossed ₹ 1,000 lakh
1994-95	▪ Company obtains credit rating of MA from ICRA Ltd for its fixed deposit programme ▪ Bank borrowings limit crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 2,500 lakh ▪ Fixed deposit acceptance crossed ₹ 17,500 lakh ▪ Net profit exceeded ₹ 500 lakh
1995-96	▪ ICRA upgraded company's fixed deposit programme to MA+ ▪ Gross income crossed ₹ 5,000 lakh ▪ New Head Office building inaugurated ▪ Equity Shares listed in Coimbatore Stock Exchange Limited
1996-97	▪ Stock on hire crossed ₹ 22,000 lakh
1997-98	▪ New prudential norms of RBI adopted ▪ Retail secured redeemable non-convertible debentures were issued on private placement basis
1998-99 (18 months)	▪ RBI registration obtained to function as an NBFC ▪ Gross income crossed limit of ₹ 7,500 lakh ▪ Retail secured redeemable non-convertible debentures crossed ₹ 3,000 lakh
1999-01 (18 months)	▪ Net worth crossed ₹ 3,000 lakh
2001-02	▪ Stock on hire crossed ₹ 14,000 lakh
2004-05	▪ Net stock on hire crossed ₹ 15,000 lakh ▪ The shares of the Company delisted from Coimbatore and Delhi Stock Exchanges Limited
2005-06	▪ Retail non- convertible debentures crossed ₹ 6,000 lakh
2006-07	▪ Classified as an Asset Finance Company by RBI ▪ Net stock on hire crossed ₹ 20,000 lakh ▪ Bank / FI borrowings crossed ₹ 2,500 lakh
2007-08	▪ Paid up equity capital crossed ₹ 2,500 lakh ▪ Net stock on hire crossed ₹ 25,000 lakh ▪ Net worth crossed ₹ 5,000 lakh ▪ Retail non-convertible debenture limit crossed ₹ 12,500 lakh
2008-09	▪ Net Profit crossed ₹ 500 lakh ▪ Stock on hire crossed ₹ 34,000 lakh ▪ Bank / FI borrowings crossed ₹ 6,000 lakh
2009-10	▪ Stock on hire crossed ₹ 40,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Retail non-convertible debentures crossed ₹ 27,500 lakh
2010-11	▪ Stock on hire crossed ₹ 50,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Reaffirmed long term rating of [ICRA] BBB for bank funds and [ICRA] A2 for short term bank funding
2011-12	▪ Gross income crossed ₹ 10,000 lakh ▪ Net worth crossed ₹ 12,500 lakh ▪ Profit after tax crossed ₹ 1,100 lakh
2012-13	▪ Gross income crossed ₹ 12,500 lakh ▪ Retail debentures crossed ₹ 40,000 lakh
2013-14	▪ Stock on hire crossed ₹ 75,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 17,500 lakh
2014-15	▪ The Equity Shares were delisted from MSE ▪ First Public issue of secured redeemable non-convertible debentures for ₹ 10,000 lakh
2016-17	▪ Second Public issue of secured redeemable non-convertible debentures for ₹ 20,000 lakh ▪ AUM crossed: ₹ 90,000 lakh ▪ Income crossed: ₹ 17,000 lakh
2017-18	▪ Bank / FI borrowings limit crossed ₹ 19,500 lakh ▪ Net worth crossed ₹ 15,000 lakh
2018-19	▪ Enhancement of Authorised Capital to ₹ 13,000 lakh

FY	Particulars
2019-20	▪ Third Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 15,000 lakh ▪ Issue of 1,47,05,882 Equity Shares to three of the promoter Group Companies and a body corporate at a premium of ₹ 7 per share ▪ Financial Statements of the company have been prepared for first time in accordance with Indian Accounting Standards **("Ind AS")**
2020-21	Fourth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh
2021-22	▪ Fifth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh

Main Objects of Our Company

As our Company was registered before commencement of the Companies Act, 1956, our object clause is not segregated into the main objects, ancillary objects and other objects. The following are the objects which allow our company to carry out the NBFC activities:

1. To lend and or advance money or grant loans on any terms that may be thought fit with or without security to persons, firms, individuals, Companies, local bodies or Government and particularly to customers and other persons having dealings with the Company.

2. To promote, assist in promoting, finance, aid, procure aids, manage, takeover or operate any undertaking whether existing or new.

3. To act as secretaries and financier to enterprises.

3-A To act as an Issue House, Registrars and Share Transfer Agents, Financial Advisers, Technical Consultants, System Analysts and Data Processors.

4. To purchase, sell, exchange, deal in or invest in shares, debentures, bonds, stocks of Joint Stock Companies, firms, Local Bodies or of Government.

4-A To carry on the business of Underwriters, Sub-Underwriters, Brokers, Managers, Advisers, Consultants to Issue of Shares, Debentures, bonds, fixed deposits and other securities and of Syndication of Loans, Project Finance, Working Capital facilities and Deferred Payment facilities.

5. To act as godown keepers, brokers, commission agents, representatives or salesman to manufacturers, dealers, exporters, importers and/or such other persons.

5-A To aid and carry on the business of all kinds of agencies of vehicles, machinery and equipment and consumer durables.

6. To accept, endorse, negotiate, dispose of any kinds of goods or merchandise as may be received from time to time from customers and to advance money on the security of such goods or merchandise.

7. To purchase, erect, construct, maintain, repair, alter, sell and deal in buildings, houses, channels, tenements, factories, machinery, plants and tools and to let them on lease or otherwise and to deal in all materials and machinery for that purpose.

7-A To carry on the business of manufacturing, assembling, fitting, buying, selling, exchanging, altering, hiring, letting on hire, importing, exporting and dealing in all kinds of cars, trucks, buses, chassis, lorries, motor cycles, tractors, scooters and other conveyances of every description and in all spares and component parts required thereto and in all kinds of machineries required for civil, commercial, military or agricultural purposes or otherwise and in all kinds of materials, engines, machinery, tools, implements, accessories, equipments and apparatuses for use in connection with, whether for cash or for credit or hire purchase or instalment system or in any mode as may be thought fit.

7-B To carry on the business of general financiers including leasing of and dealers in land, buildings, plant and machinery, construction equipments, drilling rigs, fixtures and all kinds of office equipments.

7-C To acquire immovable or movable property which the Company may think it desirable to acquire by way of investments or with a view to provide commercial and housing scheme to the depositors of the Company.

7-D To carry on the business of manufacturing of and be engaged in all processes involved in the manufacture of all kinds of fibres, yarn, cloth, fabrics (including canvas, denims, hosiery and terry towels) and apparels and as dealers, merchants, exporters, importers, agents and distributors in any of them or in any textile goods and in all kinds of plant, machinery, tools, appliances, ancillaries, components and chemicals used in textile industry.

8. To acquire and takeover on lease or otherwise the whole or any part of any business, goodwill, trademarks, rights, interest etc. and property and liability of any person, firm or Company carrying on a business either identical to or similar to that which this Company is authorised to carry on.

8-A To render assistance to buy, sell, import, export, lease or otherwise deal in computers, computer software and computer hardware.

8-B To undertake rural development work with a view to inculcate the habit of savings in rural population and for this purpose, formulate plans, conduct propaganda, seminars, conferences and training courses.

8-C To publish books, magazines and periodicals connected with the subjects relevant to the Company's activities.

8-D To guarantee the payment of money, unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, instruments and securities of any Company or any authority, municipal, local or otherwise or of any person whomsoever, whether incorporated or not and generally to guarantee or become sureties for the performance of any contract or obligations for the business of the Company.

8-E To generate, harness, develop and accumulate Electric Power by utilising Wind, Solar, Tidal and other non-conventional sources of energy, to generate power by setting up power plants including Wind Electric, Hydro Power, Thermal Power, Diesel Power, multi fuel power and micro-hidel power plants for captive consumption and for supply and distribution to consumers of electric power.

9. To borrow, raise or secure the payment of money by mortgage or by debenture and in such manner as may be deemed fit and for the purpose aforesaid to charge all or any of the property or assets of the Company whether present or future including the uncalled capital of the Company.

Holding company

As on the date of the Draft Prospectus, our Company does not have any holding company.

Subsidiary company

As on the date of the Draft Prospectus, our Company does not have any subsidiary company.

Key terms of our material agreements

Other than the agreements in relation to this Issue, our Company has not entered into material agreements, more than two years before the date of the Prospectus, which are not in the ordinary course of business.

OUR MANAGEMENT

BOARD OF DIRECTORS

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. As on the date of the Draft Prospectus, we have eight (8) Directors on our Board, out of which two are Executive Directors and two Directors are Non-Executive, Non-Independent Directors and four are Non-Executive, Independent Directors out of which one is a woman Director.

The following table sets out details regarding the Board as on date of the Draft Prospectus:

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
Dr. M. Manickam Designation: Chairman DIN **:** 00102233	66	No.25, Rukmani Nagar Ramanathapuram Coimbatore – 641 045	December 11, 1990	1) ABT Business Solutions Private Limited 2) ABT Limited 3) ABT Foods Retailing (India) Limited 4) Anamallais Bus Transport Private Limited 5) Kovai Medical Center and Hospital Limited 6) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company of the Companies Act 1956) 7) Sakthi Auto Component Limited 8) Sakthi Properties (Coimbatore) Limited 9) Sakthi Sugars Limited 10) Sri Chamundeswari Sugars Limited 11) The Gounder and Company Auto Limited 12)
Sri. M Balasubramaniam Designation: Vice Chairman and Managing Director DIN: 00377053	63	No. 27 & 28 Rukmani Nagar Ramanathapuram Coimbatore – 641 045	August 21, 1985	1) ABT Limited 2) ABT Foods Retailing (India) Limited 3) ABT Properties Limited 4) Anamallais Bus Transport Private Limited 5) Coimbatore Innovation and Business Incubator 6) Magnum Foundations Private Limited 7) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company of the Companies Act 1956) 8) Sakthi Auto Component Limited 9) Sakthi Sugars Limited 10) Sakthifinance Financial Services Limited

				11) Sakthi Properties (Coimbatore) Limited 12) Sri Chamundeswari Sugars Limited 13) The Gounder and Company Auto Limited
Sri. M. Srinivaasan Designation : Non-Executive and Non-Independant Director DIN: 00102387	55	"Swagatham" 742, Krishna Temple Road Indira Nagar Bengaluru– 560 038	April 18, 1994	1) ABT Limited 2) Chamundeswari Enterprises Private Limited 3) Indian Sugar Exim Corporation Limited 4) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company of the Companies Act 1956) 5) Sakthi Auto Component Limited 6) Sakthi Properties (Coimbatore) Limited 7) Sakthi Sugars Limited 8) Sri Chamundeswari Sugars Limited 9) SCSL Agro Private Limited 10) The Gounder and Company Auto Limited 11) Nilambe Leisure Holdings Private Limited, SriLanka
Dr. A. Selvakumar Designation : Non-Executive and Independent Director DIN : 01099806	66	A-109, Raheja Enclave 236, Race Course Road Coimbatore - 641 018	March 30, 2001*	1) Bison Agro Farms Private Limited 2) Sri Chamundeswari Sugars Limited 3) Sri Sakthi Textiles Limited 4) Vetriva Sports Academy Pvt. Ltd 5)
Sri. P.S. Gopalakrishnan Designation : Non-Executive and Independent Director DIN : 00001446	86	"Keshav Dugar" B-202, No.1, East Avenue Kesavaperumal Puram Chennai - 600 028	November 20, 2004	1) Dharani Sugars and Chemicals Limited 2) Kothari Sugars and Chemicals Limited 3) Shriram General Insurance Company Limited
Smt. Priya Bhansali Designation: Non-Executive and Independent Director DIN : 00195848	56	"Amrit" 24A, Bharathi Park Road 2 Coimbatore – 641 043	March 31, 2015#	1) Ishita Advisory Services Private Limited 2) Sakthi Sugars Limited
Sri. K P Ramakrishnan Designation: Non-Executive and Independent Director DIN : 07029959	67	K - 402 PNR Tripti Apartments Nehru Nagar 60 Feet Scheme Road Ganapathy Coimbatore - 641 006	May 30, 2015#	1) Think Capital Private Limited 2) TDT Copper Limited

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships

Dr. S Veluswamy Designation: Executive and Non-Independent Director (Finance & Operations) and CFO[$] DIN : 05314999	62	No.19/20 Bharathiyar Road Karpagavinayagar Nagar Ganapathy Coimbatore – 641 006	May 29, 2019 September 23, 2019 (As Whole Time Director)	1) ABT Foods Agrovet Limited 2) ABT Foods Limited 3) ABT Finance Limited 4) Sakthi Pelican Insurance Broking Private Limited 5) Sakthifinance Commercial Vehicle and Infrastructure Limited

* *In terms of Section 149 of the Companies Act 2013, the Company has appointed Dr. A. Selvakumar and Sri. P. S. Gopalakrishnan as Independent Directors for a second term of five years, not liable to retire by rotation, at the Annual General Meeting held on September 23, 2019.*

[#] *In terms of Section 149 of the Companies Act 2013, the Company has appointed Smt. Priya Bhansali and Sri. K P Ramakrishnan as Independent Directors for a second term of five years, not liable to retire by rotation, at the Annual General Meeting held on December 17, 2020.*

$ *The Director (Finance and Operations), as a part of his role, additionally discharges the functions of Chief Financial Officer also.*

Brief profile of the Directors of our company

Dr. M. Manickam, Chairman of our Company, holds a Masters Degree in Statistics from Madras University and a Masters Degree in Business Administration from the University of Michigan, USA. He has experience of about 40 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 in the management of agro-processing industries and agricultural development. He was awarded the “Doctor of Science” *(Honoris Causa)* by Tamil Nadu Agricultural University, Coimbatore in July 2010. He was the President of Indian Sugar Mills Association during 1996-97.

Sri. M. Balasubramaniam, Vice Chairman and Managing Director of our Company, holds a Masters Degree in Commerce from Madras University and a Masters Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He is also the Managing Director of Sakthi Sugars Limited. He has an experience of 36 years in the field of Finance, Auto and Sugar Industries. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry and was also a member of the Management Committee of Coimbatore Management Association. He was also the Senate Member of Bharathiyar University during 2016-2019. He is a member of Southern Regional Committee of All India Council for Technical Education ("**AICTE**").

Sri. M Srinivaasan holds a Bachelor‘s degree in Engineering from University of Mysore and a Master’s Degree in Business Administration from Pennsylvania State University, USA. He has been the Managing Director of Sri Chamundeswari Sugars Limited since 1996. He is also the Joint Management Director of Sakthi Sugars Limited. He has experience of about 28 years in the field of sugar industry. He was the President of South India Sugar Mills Association, Karnataka between 1997-1999 and 2005-2008. He was also the President of Indian Sugar Mills Association, New Delhi, during the year 2012-13.

Dr. A Selvakumar holds a Master’s degree in Engineering from Guindy Engineering College, Chennai and a Doctorate in Engineering from Concordia University, Montreal, Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. He has more than four decades of experience in the field of system application and has immense domain knowledge.

Sri. P S Gopalakrishnan holds a Graduate degree in Commerce and Law. He is also an Associate Member of the Institute of Bankers, London. He is also a Fellow of Economic Development Institute of World Bank, Washington. He was former Chairman of IFCI Limited, Indian Overseas Bank and Oriental Bank of Commerce. He has rich and varied experience in banking and finance, gained over a period of five decades in banking sector.

Smt. Priya Bhansali holds a Graduate Degree in Commerce. She is a Fellow Member of the Institute of Chartered Accountants of India and also holds a Diploma in Information System Audit **(“DISA”)**. She is a partner in M/s. Kumbhat & Co, Chartered Accountants. She has been a practicing Chartered Accountant for over three decades. She has experience and expertise in Direct Taxes, Audit, Joint Ventures, FDI and International Taxation etc.

Sri. K P Ramakrishnan holds a Graduate Degree in Engineering from Indian Institute of Technology, Chennai. He was former Chief General Manager of IDBI Bank Limited. He has rich and varied experience in banking and finance, gained over a period of more than three decades in banking sector.

Dr. S. Veluswamy holds a Master's degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He has also received a Doctorate degree in Commerce from Bharathiyar University, Coimbatore. He has been associated with the Company for more than 30 years with experience in secretarial, business operations and finance, funding of the Company. He had a stint as Chief Financial Officer of our Company (November 2014 - November 2015) as also was the Chief Executive Officer for 3 years till his appointment as Director.

Each independent director of our company is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs, set up by the Ministry of Corporate Affairs, GoI.

Other undertakings and confirmations

None of the Director of our Company is a director or is otherwise associated in any manner with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

None of our Directors have committed any violation of securities laws in the last five years and no proceedings are pending against any of our Directors.

None of our Directors have been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution. None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Relationship among Directors

Except Dr. M. Manickam, Chairman, Sri. M. Balasubramaniam, Vice Chairman and Managing Director and Sri. M. Srinivaasan, Director, who are related to each other as brothers, none of the other Directors is related to each other.

Remuneration of Directors

The Nomination and Remuneration Committee determines and recommends to the Board the compensation to Directors. The Board of Directors or the shareholders, as the case may be, approve the compensation to Directors. The tables and details below set out the details of the remuneration pertaining to the last three financial years which has been paid or was payable to the Directors of our Company.

Terms and conditions of employment of Managing Director

Sri. M. Balasubramaniam was re-appointed as the Managing Director of our Company for a period of five years with effect from September 29, 2020, pursuant to a resolution of the Board of Directors of our Company on August 24, 2020 and the approval of the members of our Company pursuant to a resolution passed at the AGM held on December 17, 2020. The Company has entered into an agreement with Sri. M Balasubramaniam for his appointment as Managing Director of the Company on December 19, 2020.

The remuneration payable to Sri. M. Balasubramaniam by way of salary and other perquisites (as authorised by the members of our Company pursuant to resolution passed at their AGM held on December 17, 2020 and pursuant to Managing Director re-appointment agreement) is as follows:

Salary	₹3,00,000 per month
Perquisites	Not exceeding the annual salary as may be decided by the Board of Directors from time to time. In addition to the salary, Sri. M. Balasubramaniam shall also be entitled to the following perquisites: a. Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961;

	b. Gratuity at the rate of half a month's salary for each completed year of service; and c. Encashment of leave at the end of tenure as per the rules of the Company
Minimum Remuneration	The above salary and perquisites will be paid as minimum remuneration even in the event of loss or inadequacy of profits of any year.
Commission	3% on the Net Profits of our Company, subject to a maximum ceiling specified in Section 197 of the Companies Act 2013
The payment of above remuneration by the company is subject to the limits specified in Section V of Part II of Schedule IV to the Companies Act 2013 as may be applicable.	

Details of remuneration paid for the period ended 30 September 2021and during the Fiscals 2021, 2020 and 2019 by our Company.

(₹ lakh)

Particulars	For the period ended 30th September 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Salary	19.20	41.39	49.79	43.79
Perquisites	3.03	-	3.90	3.90
Commission	-	49.41	49.41	66.94
Total	**22.23**	**90.80**	**103.10**	**114.63**

Terms and conditions of employment of Whole-Time Director

Dr. S. Veluswamy was appointed as the Additional Director and Director (Finance & Operations) (As a part of his role, he discharges the functions of Chief Financial Officer (**"CFO"**) as well) of our Company for a period of five years with effect from May 29, 2019 pursuant to a resolution of the Board of Directors of our Company on May 29, 2019 and the approval of the members of our Company pursuant to a resolution passed at the AGM held on September 23, 2019.

The Company has entered into an agreement dated September 26, 2019 with Dr. S. Veluswamy for his appointment as Whole-time Director of the Company.

The remuneration payable to Dr. S. Veluswamy by way of salary and other perquisites, (as authorised by the members of our Company pursuant to a resolution passed at the AGM held on September 23, 2019 and pursuant to appointment agreement), is as follows:

Salary	₹ 1,75,000 per month
Perquisites	₹ 1,75,000 per month. In addition to the salary, Dr. S. Veluswamy shall also be entitled to the following perquisites: a. Contribution to Provident and Superannuation Funds to the extent not taxable under the Income Tax Act 1961; b. Gratuity at the rate of half a month's salary for each completed year of service; and c. Encashment of leave at the end of tenure as per the rules of the Company.
Minimum Remuneration	The above salary and perquisites will be paid as minimum remuneration even in the event of loss or inadequacy of profits of any year.
The payment of above remuneration by the company is subject to the limits specified in Section V of Part II of Schedule IV to the Companies Act 2013, as may be applicable.	

Details of remuneration paid for the period ended 30 September 2021 and during the Fiscals 2021, 2020 and 2019 by our Company

(₹ lakh)

Particulars	For the period ended 30 September 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Salary	15.40	31.75	36.05	31.87
Perquisites	-	1.76	0.34	0.33
Total	**15.40**	**33.51**	**36.39**	**32.20**

Terms and conditions of employment of non-executive directors

Pursuant to a resolution passed by our Board at their meeting held on May 28, 2014, non-executive directors are entitled to be paid sitting fees of ₹ 20,000 per meeting for attending meetings of the Board and of the various Committees of the Board. The Board of Directors have, based on the recommendation of Nomination and Remuneration Committee at their meeting held on February 13, 2021, increased the sitting fees payable to our non-executive Directors as detailed below.

Sl No	Meetings	From	To
1	For Board Meetings	₹ 20,000	₹ 30,000
	<u>For Mandatory Committee Meetings</u> 1. Audit Committee Meeting 2. Nomination and Remuneration Committee Meeting 3. Policy Review Committee Meeting 4. Independent Directors' Meeting 5. CSR Committee Meeting	₹ 20,000	₹ 30,000
	<u>For Other Committee Meetings</u> 1. Asset Liability Management Committee Meeting 2. Risk Management Committee Meeting 3. Information Technology Strategy Committee Meeting 4. Stakeholders' Relationship Committee Meeting 5. NCD Issuance Committee Meeting 6. Allotment Committee Meeting 7. Finance and Investment Committee Meeting	--	₹ 10,000

The details of sitting fees paid to our non-executive directors from the FY ended 31st March, 2019 to period ended 30th September, 2021 are as follows:

(₹ lakh)

Name	For the period ended 30 September 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Dr. M. Manickam	1.40	1.90	1.20	0.80
Sri. M. Srinivaasan	1.80	2.40	1.00	1.40
Dr. A. Selvakumar	4.50	6.00	3.20	3.80
Sri. P.S Gopalakrishnan	1.50	3.30	1.60	2.00
Smt. Priya Bhansali	2.20	4.10	2.00	1.60
Sri. K.P Ramakrishnan	3.30	5.00	2.80	3.00
Total	**14.70**	**22.70**	**11.80**	**12.60**

Borrowing powers of the Board

Pursuant to a resolution passed by the members through postal ballot process, results of which were declared on April 5, 2014 and in accordance with the provisions of Section 180(1)(c) of the Companies Act 2013, the Board has been authorised to borrow any sum or sums of money from time to time, as may, in the opinion of Board of Directors, deem necessary for the purpose of business of our Company upon such terms and conditions and with or without security as the Board of Directors may think fit, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained / to be obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore (Rupees Two Thousand Five Hundred Crore only) over and above the aggregate of the paid-up Capital of the Company and its free reserves. The aggregate value of the NCDs offered under the Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limit of ₹ 2,500 crore.

Interests of our Directors

All the Directors of our Company, including our non-executive directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Sri. M. Balasubramaniam, Vice Chairman and Managing Director of our Company is interested to the extent of remuneration and commission paid for services rendered as an officer and/or employee of our Company. Dr. S. Veluswamy Director (Finance & Operations) and CFO of our Company is interested to the extent of remuneration paid for services rendered as an officer and/or employee of our Company.

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the non-executive independent directors of our Company are entitled to sitting fees for attending every meeting of the Board or a Committee thereof and are also eligible for commission. The whole-time Directors of our Company are interested to the extent of remuneration paid for services rendered / ESOP granted, if any, as an officer or employee of our Company.

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as director, partner, member or trustee and promoter and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them.

Other than Dr. M. Manickam and Sri. M. Balasubramaniam, promoter directors of our Company, none of the Directors of our Company have any interest in promotion of our Company. None of our Directors have interest in any immovable property acquired or to be acquired by our Company in the preceding two years of filing this Draft Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc.

Our company has (i) entered into a lease agreement made on July 12, 2021 with Sri. M Srinivaasan, Director (Lessor) for lease of land admeasuring 14,136 square feet in Coimbatore for a lease of 3 years commencing from April 01,2021 on which our Head Office is situated. Sri. M Srinivaasan has executed an agreement with the our Company on April 01, 2021 for a period of 3 years (i.e.) up to March 31, 2024. (ii) Our Company has taken a premises (appx. 650 sq.ft) on lease vide letter dated January 24, 2022, for our official purposes, which is owned by Smt. Vinodhini Balasubramaniam (Spouse of Sri. M. Balasubramaniam, Vice Chairman and Managing Director) for a period of 11 months commencing February 01, 2022. The lease deed need not be registered with the relevant authorities.

Related Party Disclosures/Transactions:

Except as stated in the Chapter titled **"*Financial Statements- Related Party Disclosures*"** on page F72 and to the extent of compensation and commission, if any, our Directors do not have any other interest in our business. None of our Directors have taken any loan from our Company.

Appointment of any relatives of Directors to an office or place of profit

None of the relatives of Directors are appointed to an office or place of profit.

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Draft Prospectus.

As per the provisions of our MoA and AoA, Directors are not required to hold any qualification shares. The details of the Equity Shares held in our Company by our Directors, as on the date of the draft Prospectus are given below:

Sl No	Name of the Director	Number of Shares held	(%) of the total paid-up equity capital
1	Dr. M. Manickam	92,813	0.14
2	Sri. M. Balasubramaniam	1,92,000	0.30
3	Sri. M. Srinivaasan	2,51,355	0.39
4	Dr. A. Selvakumar	300	Negligible

None of the Directors hold any Preference Shares in our Company.

Debenture/ Subordinated Debt holding of Directors of the Company

As on the date of the Prospectus, except Sri. P S Gopalakrishnan, Independent Director, none of the Directors hold any debentures or sub-ordinated debt in our Company. The relatives of some of the Directors hold debentures or sub-ordinated debts in our company.

Changes in the Directors of our Company during the last three years

The changes in the Board of Directors of our Company for the three years preceding the date of the draft Prospectus are as follows given below:

Name	Designation	DIN	Date of Appointment	Date of Intimation	Remarks
Dr. S. Veluswamy	Director (Finance & Operations) and Chief Financial Officer	05314999	May 29, 2019 and September 23, 2019	June 21, 2019	Appointment

Our Company has appointed Sri. Srinivasan Anand as Chief Finance Officer with effect from September 03, 2021. He is a qualified Chartered Accountant with over 4 decades of experience with corporates in India and Qatar.

Our company has appointed Sri. K.S.Venkitasubramanian as Chief Operating Officer w.e.f. September 03 2021. He is a qualified Chartered Accountant with over 30 years of experience with various foreign banks.

Corporate Governance

Our Company has complied with the requirements of Corporate Governance as mandated in Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 **("Listing Regulations")** in terms of Listing Agreement entered into by our Company with the Stock Exchange, particularly those in relation to the composition of the Board of Directors, constitution of Committees such as Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The Board has laid down a Code of Conduct for the Board of Directors and senior management of our Company and it is hosted on the website of our Company.

In addition, pursuant to the RBI Master Direction - Non-Banking Financial Companies (Systemically Important Non-Deposit taking and Deposit-taking Companies) Reserve Bank of India Directions 2016. NBFCs are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending. We have complied with these corporate governance requirements. The Company has also formulated an Internal Guidelines on Corporate Governance as required under RBI Master Directions.

Currently, our Board has Eight (8) Directors. In compliance with Regulation 17 of the Listing Regulations, of the 8 Directors on our Board, we have two Executive Directors and six non-Executive Directors. Our Chairman is a Non-Executive Director. Further, of the eight (8) Directors, we have Four (4) Independent Directors (including a Woman Director), Two (2) non-executive non-independent directors and Two (2) executive non-independent directors.

Details of various Committees of the Board

Our Company has constituted the following Committees:

A. Audit Committee
B. Nomination and Remuneration Committee
C. Stakeholders' Relationship Committee
D. Corporate Social Responsibility (**"CSR"**) Committee
E. Asset Liability Management Committee
F. Risk Management Committee
G. Credit Committee
H. Finance and Investment Committee
I. NCD Issuance Committee
J. Allotment Committee
K. Policy Review Committee

L. Information Technology Strategy Committee
M. Special Investment Committee

The details of these Committees are as follows:

A. Audit Committee

The members of the Audit Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. A Selvakumar	Chairman	Non-executive and Independent Director
2	Sri. K P Ramakrishnan	Member	Non-executive and Independent Director
3	Sri. M Srinivaasan	Member	Non-executive and Non-Independent Director

Terms of reference of the Audit Committee, among other things, include:

The Company has adopted an Audit Committee Charter to 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 powers and 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 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 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 quarterly/annual financial statements before submission to the Board, with particular reference to:
   - i. Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of sub-section (3)(c) of Section134 of the Companies Act 2013
   - ii. Disclosure under Management Discussion and Analysis of Financial Condition and Results of Operations
   - iii. Any changes in accounting policies and practices and reasons for the same
   - iv. Major accounting entries involving estimates based on exercise of judgment by management
   - v. Significant adjustments made in the financial statements arising out of audit findings
   - vi. Modified Opinions in the draft audit report
   - vii. Disclosure of any related party transactions
   - viii. Compliance with listing and other legal requirements relating to financial statements; and
   - ix. 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 those 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 by the unlisted subsidiary company, if any.
7. Review the utilization of the Loans / Investments by the holding company exceeding ₹ 100 Crore or 10% of the asset size of the company, if any.
8. Review of the compliance with the requirements of SEBI (Prevention of Insider Trading) Regulations 2015, as amended, at least once in a year.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
10. To review the functioning of the Whistle Blower / Vigil mechanism
11. To carry out any other function as is mentioned in the terms of reference of the Audit Committee

B. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. P S Gopalakrishnan	Chairman	Non-executive and Independent Director
2	Dr. A Selvakumar	Member	Non-executive and Independent Director
3	Smt. Priya Bhansali	Member	Non-executive and Independent Director

Terms of reference of Nomination and Remuneration Committee was modified as required under Section 178 of the Companies Act 2013 and Part D of Schedule II to the Listing Regulations and includes:

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

   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors 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 Key Managerial Personnel **("KMPs")** to the Board.
7. Recommend to the Board about appointment and removal of Directors and senior management personnel.

C. Stakeholders' Relationship Committee

The Board of Directors at their meeting held on August 9, 2014 has renamed this Committee as Stakeholders' Relationship Committee. The members of the Stakeholders' Relationship Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. M Manickam	Chairman	Non-executive and Non-Independent
2	Sri. M Balasubramaniam	Member	Executive and Non-Independent
3	Dr. A Selvakumar	Member	Non-executive and Independent

The powers and terms of reference of this Committee is as per Part D of Schedule II-B to the Listing Regulations. Terms of reference of the Stakeholders' Relationship Committee, details are given below:

1. The Committee shall consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividend and create and review the systems for improving the services.
2. The committee shall also review:
   (a) measures taken for effective exercise of voting rights by shareholders,
   (b) of adherence to the service standards adopted by the company in respect of various services being rendered by our Registrar and Share Transfer Agent
   (c) of various measures taken by our company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company.

D. Corporate Social Responsibility ("CSR") Committee

In line with the Companies Act 2013, our Company has constituted a CSR Committee of the Board consisting of three directors on August 9, 2014. The members of the CSR Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. P.S Gopalakrishnan	Chairman	Non-executive and Independent
2	Dr. A Selvakumar	Member	Non-executive and Independent
3	Sri. M Balasubramaniam	Member	Executive and Non-Independent

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

1. Indicate the activities to be undertaken as specified in Schedule VII to the Companies Act 2013;
2. Recommend the amount of expenditure to be incurred on the CSR activities;
3. To monitor the CSR Policy of the Company from time to time;
4. Prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes/ activities proposed to be undertaken by the Company; and
5. To do all such acts, deeds and things as may be required in connection with the CSR activities.

Presently, in term of Section 135 of the Companies Act 2013 read with relevant rules, the CSR Expenditure to be incurred does not exceed ₹ 50 lakhs in a year. Accordingly, the powers of CSR Committee are being exercised by the Board of Directors.

E. 1. Asset Liability Management Committee

The ALM Committee was reconstituted on 13th November 2021 and present members of the Asset Liability Management Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. M Balasubramaniam	Chairman	Vice Chairman and Managing Director
2	Dr. A. Selvakumar	Member	Non-Executive Independent Director
3	Sri. Srinivasan Anand	Member	Chief Financial Officer
4	Sri. K. S. Venkitasubramanian	Member	Chief Operating Officer
5	Sri. S Senthil Kumar.	Member	Deputy General Manager (Finance and Accounts)

Terms of reference of the Asset Liability Management Committee are as under:

1. Overall responsibility for management of risks and decide the risk management policy of the company and set limits for liquidity and interest rate risks
2. Consider product pricing for both Deposits and Advances, desired maturity profile and mix of incremental assets and liabilities
3. Review the reports on Structural Liquidity, Dynamic Liquidity and Interest rate sensitivity to be submitted to RBI.

E - 2. Asset Liability Management ("ALM") Support Group (w.e.f. December 13, 2019)

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. K. Natesan	Chairman	President
2	Smt. R. Geetha	Member	Vice President*
3	Sri. S. Senthil Kumar	Member	Deputy General Manager (Finance and

			Accounts)
4	Sri S. Venkatesh	Member	Company Secretary
5	Sri. B. Eswaran	Member	Senior Manager (Finance and Accounts)

* Since resigned from the services of the Company with effect from February 01, 2022.

F. Risk Management Committee

The Risk Management Committee was reconstituted on 13th November 2021 and present members of the Risk Management Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. M. Balasubramaniam	Chairman	Executive and Non-Independent
2	Dr. A. Selvakumar	Member	Non-executive and Independent
3	Sri Srinivasan Anand	Member	Chief Financial Officer
4	Sri. K. S. Venkitasubramanian	Member	Chief Operating Officer

Terms of reference of the Risk Management Committee are given below:

1. Review of Risk Management Policy developed by the management
2. Review of Annual Risk Management Framework document
3. Periodical review of process for systematic identification and assessment of business risks.
4. Monitoring and reporting of critical risk exposures to the Board on need basis for effective risk management

G. Credit Committee

The Credit Committee was reconstituted on 13th November 2021 and present members of the Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. M. Balasubramaniam	Chairman	Vice Chairman and Managing Director
2	Sri. Srinivasan Anand	Member	Chief Financial Officer
3	Sri. K S. Venkitasubramanian	Member	Chief Operating Officer
4	Dr. K. Natesan	Member	President

Terms of reference of the Credit Committee are as follows:

To approve the hire purchase advance proposals with an exposure of above ₹35 lakh to an individual customer or group of customers belonging to a family.

The Board has also established a Working Committee as Sub-Committee to the Credit Committee with the following members:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. K. Natesan	Head	President
2	Sri S. Saravanakumar	Member	General Manager (Business Operations)
3	Sri A. Joseph Sagayaraj	Member	General Manager (CAMP)
4	Sri G. R. Krishnan	Member	General Manager (CAP)

The Working Committee will process the credit proposals and place it to the Credit Committee for its consideration.

H. Finance and Investment Committee

The members of the Committee are given below:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Dr. M. Manickam	Chairman	Non-executive and Non-Independent
2	Sri. M. Balasubramaniam	Member	Executive and Non-Independent
3	Dr. A. Selvakumar	Member	Non-executive and Independent

Terms of reference of the Finance and Investment Committee are given below:

The Committee is authorized to borrow, accept and approve sanctions/ modifications of credit facilities with the bankers and other financial institutions up to an amount not exceeding ₹ 50,000 lakh and to make necessary investments in compliance with RBI Directions.

I. NCD Issuance Committee

The Committee was reconstituted by the Board of Directors at their meeting held on 13th February 2021. The members of the NCD Issuance Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Mr. M. Balasubramaniam	Chairman	Executive and Non-Independent
2	Dr. A. Selvakumar	Member	Non-executive and Independent
3	Dr. S. Veluswamy	Member	Executive and Non-Independent

Terms of reference of the NCD Issuance Committee are as follows:

a. Authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
b. Giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
c. Appointing the lead manager(s) to the issue in accordance with the provisions of the SEBI NCS Regulations;
d. Seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements and/or any/all government and regulatory authorities concerned in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
e. Deciding, approving, modifying or altering the pricing and terms of the NCDs, and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board and the minimum subscription for the NCD Issue;
f. Approval of the final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;
g. Seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
h. Appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
i. Finalization of arrangement for the submission of the prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;
j. Appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
k. Authorization of the Registrar and Share Transfer Agent (**"RTA"**) for maintenance of register of NCD holders;
l. Finalization of the basis of allotment of the NCDs including in the event of over-subscription;
m. Finalization of the allotment of the NCDs on the basis of the applications received, acceptance and appropriation

of the proceeds of the NCD Issue; and

n. To generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

J. Allotment Committee

The members of the Allotment Committee are as under:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri. M. Balasubramaniam	Chairman	Executive and Non-Independent Director
2	Dr. A. Selvakumar	Member	Non-executive and Independent Director
3	Sri. K.P. Ramakrishnan	Member	Non-executive and Independent Director

Terms of reference of the Allotment Committee:

Authorization to allot Equity Shares and other securities and to do such acts, deeds and things as may be deem necessary or desirable in connection with such allotment of Equity Shares and Securities.

K. Policy Review Committee

The members of the Policy Review Committee are as under:

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri M Balasubramaniam	Chairman	Executive and Non-Independent
2	Dr. A. Selvakumar	Member	Non-executive and Independent
3	Smt. Priya Bhansali	Member	Non-executive and Independent
4	Sri. K. P. Ramakrishnan	Member	Non-executive and Independent

Terms of reference of the Policy Review Committee: The Committee is formed for the purpose of reviewing all regulatory policies of the company from time to time.

L. Information Technology ("IT") Strategy Committee

The Committee was reconstituted by the Board of Directors at their meeting held on 13th November 2021. The members of the Information Technology (**"IT"**) Strategy Committee are as follows:

Sl No	Name of the Member	Designation	Nature of Directorship/ Position held in Company
1	Dr. A. Selvakumar	Chairman	Non -Executive (Independent Director)
2	Dr. S. Veluswamy	Member	Director (Finance and Operations) and CFO
3	Sri. Srinivasan Anand	Member	Chief Financial Officer
4	Sri. K. S. Venkitasubramanian	Member	Chief Operating Officer
5	Sri. M. Purushothaman	Member	Associate Vice President
6	Sri. N. Raveendran	Member	Senior General Manager (EWS)

Terms of reference of the IT Strategy Committee are as follows:

1. Providing input to other Board Committees and Senior Management.
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value

to the business.

5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
7. Ensuring proper balance of IT investments for sustaining Company‘s growth and becoming aware about exposure towards IT risks and controls.

M. Special Investment Committee

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

Sl No	Name of the Member	Designation	Nature of Directorship
1	Sri M Balasubramaniam	Chairman	Executive and Non-Independent
2	Dr. A. Selvakumar	Member	Non-executive and Independent
3	Smt. Priya Bhansali	Member	Non-executive and Independent
4	Sri. K. P. Ramakrishnan	Member	Non-executive and Independent
5	Dr. S. Veluswamy	Member	Director (Finance and Operations) and CFO

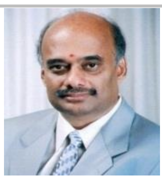
Terms of reference of the Special Investment Committee: The Committee is formed for the purpose of reviewing all investment policies of the company from time to time.

OUR PROMOTERS

The following individuals are the Promoters of our Company:

1. Dr. M. Manickam; and
2. Mr. M. Balasubramaniam

The profile of our Promoters are given below:

<table>
<tr><td></td><td>Dr. M. Manickam, Chairman

Dr. M. Manickam (DIN: 00102233), was born on 24th March 1956 and aged 66 years. He is the promoter and Non-Executive, Non-Independent Director of our Company. He resides at No.25, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.

His Permanent Account Number is ACWPM5801F</td></tr>
<tr><td colspan="2">Dr. M Manickam is our Promoter and a Non-executive, Non-independent Director of our Board. He holds a Master’s Degree in Statistics from Madras University and a Master’s Degree in Business Administration from University of Michigan, USA. He has experience of about 40 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 in the management of agro-processing industries and agricultural development, he was awarded the “Doctor of Science” (Honoris Causa) by Tamil Nadu Agricultural University, Coimbatore in July 2010. He was the President of Indian Sugar Mills Association during 1996-97.

For additional details on the background, educational qualifications, experience in the business of our Company, positions / posts held in the past, term of appointment as Non-executive, Non-independent Director and other directorships of our Promoter, please refer “Our Management” on page 120 of this Draft Prospectus.

The permanent account number, aadhaar number, driving license number, bank account number(s) and passport number of our Promoter have been submitted to the Stock Exchange at the timing of filing the Draft Prospectus.</td></tr>
<tr><td></td><td>Sri. M. Balasubramaniam, Vice Chairman and Managing Director

Sri. M. Balasubramaniam (DIN: 00377053), was born on 20th September 1958 and aged 63 years. He is the promoter and Executive, Non-Independent Director of our Company. He resides at No. 27 and 28, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.

His Permanent Account Number is ABEPB2022Q</td></tr>
<tr><td colspan="2">Sri. M Balasubramaniam, is the promoter and Executive, Non-Independent Director of our Board. He holds a Master’s Degree in Commerce from Madras University and a Master’s Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He is presently the Vice Chairman and Managing Director of our Company. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry. He is a member of Southern Regional Committee of All India Council for Technical Education ("AICTE"). He was one of the Senate Members of Bharathiyar University, Coimbatore during 2016-2019.

For additional details on the background, educational qualifications, experience in the business of our Company, positions/ posts held in the past, term of appointment as Executive, Non-independent Director and other directorships of our Promoter, please refer “Our Management” on page 120 of this Draft Prospectus.

The permanent account number, aadhaar number, driving license number, bank account number(s) and passport number of our Promoter have been submitted to the Stock Exchange at the time of filing the Draft Prospectus.</td></tr>
</table>

Other Undertakings and Confirmations

Our Promoters have not been identified as a wilful defaulter by the RBI or any other governmental authority and is not a Promoter or a whole-time director of any such Company which has been identified as a wilful defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as wilful defaulters.

Further, no violation of securities laws has been committed by our Promoters in the past except as detailed below and no regulatory action before SEBI, RBI or NHB is currently pending against our Promoters.

Our Promoter and members of the Promoter Group are not debarred or prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as stated herein below, there is no instance of violation of securities laws have been committed by our Promoters in the past or are currently pending against them.

Common pursuits of promoters and group companies

None of the promoters or promoters' group entities are engaged in businesses similar to ours.

Interest of our Promoters in our Company

Except as disclosed in the Chapter titled "***Financial Statements-Related Party Disclosures***" on page F72 of the Prospectus and other than as our shareholders, to the extent of promoters and/or their relatives or the companies in which they are promoters/directors holding Equity Shares and also to the extent of any dividend payable to them on the aforesaid shareholding, our Promoters do not have any other interest in our Company's business. Our promoters may be also deemed to be interested to the extent of the remuneration/sitting fees and reimbursement of expenses, if any, received by them in their capacity as Directors.

None of our Promoters have interest in any immovable property acquired or to be acquired by our Company in the preceding two years of filing the Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

Our Promoter has no financial or other material interest in the Issue.

Our Promoters have given certain personal guarantees in relation to loan facilities availed by our Company.

Our promoters may subscribe to this Issue.

Details of shares allotted to our Promoters during the last three Financial Years

During the Financial Year 2019-2020, our company had issued and allotted 1,47,05,882 Equity shares of face value ₹ 10 per share at ₹ 17 per share (including a premium of ₹ 7 per share) by way of a Preferential Issue to the existing promoter group companies and other corporate body. The allotment was made on 13th March 2020 and the shares were listed on 7th May 2020 and trading approval for the same was received on 3rd June 2020.

Promoter's holding in the Company as on December 31, 2021

A. Equity Shares

Sl No	Name of the Shareholder	Total No. of Equity Shares held	% of shareholding to the total equity share capital	No. of Shares Pledged	% of Shares pledged
1	Dr. M Manickam	92,813	0.14	-	-
2	Sri. M Balasubramaniam	1,92,000	0.30	-	-

* *All Equity Shares held by the Promoters are in dematerialised form.*

*For aggregate equity shareholding of the promoters and promoter group, refer Chapter titled **"Capital Structure"** on page 47.*

B. Preference Shares

As on the date of the Prospectus, none of the Promoters hold any Preference Shares in our Company.

Details of Promoter's Contribution in our Company:

Dr. M Manickam

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

Sri M Balasubramaniam

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

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Details of the following financial statements are furnished in ***Annexure A (Beginning from Page 278)***

Sl No	Particulars	Page No.
1	Statement of Unaudited Financial Results for the Quarter and Nine Months Period ended 31st December 2021	F1
2	Limited Review Report on unaudited standalone financial results for the quarter and nine months ended 31st December, 2021	F4
3	Independent Auditor's Examination Report on Reformatted Financial Information as at and for the six months ended 30th September 2021 and financial years ended 31st March 2021, 2020 and 2019	F9
4	Reformatted Financial Statements as at and for six months ended 30th September 2021 and for years ended March 31, 2021, 2020 and 2019	F13

FINANCIAL INDEBTEDNESS

A brief summary of our Company's outstanding secured and unsecured borrowings as on December 31, 2021 together with a brief description of certain significant terms of such financing arrangement is as under:

Sl No	Types of loan	Amount outstanding as on December 31, 2021 (₹ lakh)
SECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Term loans	5.751.06
B	Cash credit and short- term working capital demand loan / facilities	9.947.32
C	Secured, non-convertible debentures issued on private placement basis	10.889.80
D	Secured, Redeemable Non-Convertible Debentures (public issues)	29,180.60
E	Interest accrued but not due on the above outstanding	2,294.16
F	Unclaimed matured debentures and interest accrued thereon	178.72
(I)	**TOTAL SECURED BORROWINGS**	**58,241.66**
UNSECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Fixed deposits	9,237.95
B	Subordinated debt	23,403.23
C	Unsecured Redeemable Non-Convertible Debentures (public issues)	10,737.97
D	Interest accrued but not due on the above	4,580.94
E	Redeemable Cumulative Preference Shares	1,500.00
F	Interest accrued but not due on the above	88.61
(II)	**TOTAL UNSECURED BORROWINGS**	**49,548.70**
(III)	**TOTAL (I +II)**	**107,790.36**

1. **SECURED BORROWINGS AVAILED BY OUR COMPANY**

A. Term loans

Set out below is a brief summary of our Secured Term Loans as on December 31, 2021:

State Bank of India

Sl No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated 31st day of July 2020	5,000.00	3,623.95	58 monthly instalments	11.00% p.a. (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated 31st day of July 2020	600.00	123.84	18 monthly instalments	7.25% (compounded on monthly rest)
Security		Exclusive first charge on hypothecation of assets covered under HP/Hypothecation of loans/lease agreement and the resultant receivables as acceptable to the lender.			
Collateral		EM over the land and building (S.F.No.161/2, Total area 14,136 sq. feet) at Block No.7, D.No.62, Dr. Nanjappa Road, Coimbatore, land belonging to a) Sri. M. Srinivaasan, Director and b) Sakthi Finance Limited (leasehold rights).			
Penalty		Rate of interest *plus* 5% p.a.			
Rescheduling		Nil			
1	**Event of Default**	**Penalty** 5% per annum on the irregular portion for the period of irregularity.			

Sl No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
2	Irregularity in cash credit account.	₹ 1,800 per day.			
3	Non submission of stock statement.	Flat ₹ 45,000 up to the date of renewal and Flat ₹ 90,000 per month thereafter till the date of submission.			
4	Non submission of renewal data.	₹ 180 for each day of delay beyond due date.			
5	Non-renewal of insurance.	1.80% on the entire outstandings.			
6	Diversion of funds.	5% per annum on the irregular portion for the period of irregularity.			
	Non-payment of interest / instalment				

IndusInd Bank Ltd

Sl No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated 9th January 2020	650.00	358.48	36 monthly instalments	Fixed ROI @12% for 3 years
2	Deed of hypothecation and facility agreement dated 9th January 2020	350.00	191.19	36 monthly instalments	Fixed ROI @12% for 3 years
Security		Exclusive charge over designated set of HP receivables			
Prepayment		2% on principal outstanding			
Penalty		For non-compliance, 18.75% per annum. For irregularity/overdue, 18.75% per annum.			

Shriram Transport Finance Company Limited

Sl No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated July 26, 2019	2,000.00	959.03	48 monthly instalments	13 (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated March 25, 2020	1,000.00	494.56	36 monthly instalments	13 (compounded on monthly rest)
	Security	Exclusive first charge on portfolio of receivables as acceptable to the lender. 1.1 times the borrowings			
	Prepayment	3% (exclusive of taxes) on Principal Outstanding as on the foreclosure date. Provided that the Borrower will not be required to pay the Prepayment Penalty when the Lender arranges for the sale or securitization of the Portfolio in the agreement.			
	Penalty	36% p.a. compounded on monthly rest.			
	Rescheduling	Nil			
	Events of Default	• Non-payment of charge / interest / instalment due on time • Misrepresentation, non-performance / breach / violation of terms of sanction • Amalgamation / reorganization, nationalization, etc.			

Sl No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
		• Prevented by competent authority from carrying on business • Insolvency / winding up /apprehension of insolvency • Jeopardizing/prejudicial to security • Any failure on the part of management to fulfill any obligations			
	Consequence of Default	On and at any time after the occurrence of an event of default, the lender may by 7 days written notice to the borrower : a) declare that all or part of the facility, together with accrued interest and all other amounts accrued or outstanding under the agreement and/or the security documents to be immediately due and payable, whereupon they shall become immediately due and payable; and/or b) declare that all or part of the facility be payable on demand, whereupon it shall immediately become payable on demand together with accrued interest and all other amounts accrued under the agreement and/or the security documents.			

B. Cash credit and short-term working capital demand loan / facilities

Set out below is a brief summary of our secured cash credit and short-term working capital demand loan / facilities as on December 31, 2021. Our cash credit and working capital demand loan are all repayable upon demand by the respective lenders.

Sl No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
1	**Indian Overseas Bank** Letter of Hypothecation dated April 28, 2014 Consent Cum Authorization Letter dated April 28, 2014 (Renewal Letter dated 27/10/2021. The Limit is operational as on the date of this Prospectus). WCDL amount of ₹ 4.50 crores renewed with reducing DP @ ₹ 50 lakhs per month.	WCDL : 250.00 CC : 800.00 ------------ **Total : 1050.00** -----------	250.00	MCLR + 4.10%	Hypothecation of specific HP receivables and any other security created in favour of the company to secure the relevant loan facilities to be obtained under the relevant obligor.
2	**The Karnataka Bank Limited** Hypothecation agreement dated November 27, 2013 Agreement for book	WCDL : 720.00 CC : 480.00 ----------- Total : **1,200.00** -----------	990.04	MCLR + 3.60%	Already held exclusive charge by way of hypothecation of specific movable assets being fixed/current assets

Sl No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
	debt / receivables dated November 27, 2013. Renewal of Sanction letter dated January 22, 2021.				relating to lease, Hypothecation loans and hire purchase agreement/loan agreement.
3	**Bank of India** Modification of charge letter dated January 29, 2013 Sanction letter dated May 06, 2021. (if closed then why this is needed)	CC : 600.00 ----------- **Total : 600.00** -----------	NIL	MCLR + 3.05%	Hypothecation of vehicles / equipments now hired out by the company with all ancillary fittings, additions, tool, accessories and equipment and to be hired out by them from time to time by assigning all their contractual rights in the HP agreements between the borrower and the hirers executed and to be executed from time to time in favour of the bank by way of first charge. WCDL to be repaid in 36 equal instalments.
4	**Central Bank of India** Letter of hypothecation dated November 13, 2013 Letter of hypothecation, book-debts-loans dated November 13, 2013, Sanction Letter dated January 11, 2021	WCDL : 1,800.00 CC : 1,200.00 ------------ **Total : 3,000.00** ------------	2,579.29	MCLR + 2.50%	Assignment of HP documents and hypothecation of assets under HP documents.
5	**Canara Bank** Bank letter dated January 24, 2013 Renewal letter dated March 29, 2021.	WCDL : 300.00 -------- **Total : 300.00** ---------	300.00	MCLR + 4.1%	Exclusive charge on hypothecated assets purchased out of bank finance plus related HP receivables.
6	**State Bank of India** Agreement for overall limit dated July 31, 2020.	WCDL : 3,600.00 CC : 2,400.00 ------------ **Total : 6,000.00** ------------	3,604.26	MCLR + 2.70%	Exclusive first charge on hypothecation of assets covered under HP / Hypothecation Loan /

Sl No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
	Sanction letter dated February 04, 2021.				Lease agreements and the resultant receivables. Equitable mortgage over the land and building situated at S.F. No 161/2, Dr. Nanjappa Road, Coimbatore, Land belonging to Mr. M. Srinivaasan, Director.
7	**DBS Bank Limited (formerly The Lakshmi Vilas Bank Limited)** Agreement for cash credit and overdraft dated December 12, 2015 Renewal of Sanction letter dated 9th April 2020. The limit is operational as on the date of this Prospectus.	WCDL : 2,200.00 CC : 800.00 ------------- **Total : 3,000.00** **--------------**	2223.71	MCLR + 1.45%	Assignment / Hypothecation of the specific HP agreements and receivables arising therefrom as well as charge / negative lien over underlying specific assets covering commercial vehicles (new and second-hand vehicles, infrastructure equipment, machineries etc.
	Total	**9,947.30**			

WCDL: Working capital demand loan; CC: Cash Credit; HP: Hire purchase

Loans from Directors and relatives of Directors

Other than as set out in the disclosures under *"Our Management"* on page 120 and *"Related Party Disclosures"* on Page F72 respectively of the Prospectus regarding subscription in Public Issue of NCDs / NCDs issued under Private Placement / Sub-ordinated debts / investment in Fixed Deposits, our Company has not availed any other indebtedness in the form of debentures, loans or any other debt instruments from its Directors or relatives of Directors as on the date of this Prospectus.

A. Secured redeemable non-convertible debentures issued on a private placement basis

Our Company has issued secured, redeemable, non-convertible debentures of face value of ₹ 1 and ₹ 1,000 each to subscribers on private placement basis ("NCDs on private placement basis"). These secured, redeemable, non-convertible debentures have been allotted on a regular basis. The terms and conditions of these debentures including coupon rates, have been decided by the Board of Directors at the time of each issue.

Given below is a brief summary of our secured, redeemable, non-convertible debentures as on December 31, 2021. These NCDs are rated and is secured by the hypothecation over identified hire-purchase receivables of our Company.

Fixed Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity period from the date of allotment	Date of Redemption	Amount outstanding as on 31-Dec-21
Opening balance up to 31.12.2020 (Principal)	**7,512.98**	8.50 to 10.00		-	-

₹ 1,000 Debentures					
16.10.2020 to 19.10.2021	-	8.50	15 Months	16.01.2022 to 19.01.2023	382.00
15.05.2020 to 11.12.2021	-	8.75 to 9.75	24 Months	15.05.2022 to 11.12.2023	417.00
07.01.2019 to 30.12.2021	-	8.00 to 10.00	36 Months	07.01.2022 to 30.12.2024	5,940.20
Total (I)					**6,739.20**

Date of Allotment	Amount	Rate of Interest (%)	Maturity period from the date of allotment	Date of Redemption	Amount outstanding as on 31-Dec-21
Interest accrued but not due on the above **(II)**					-
Unclaimed Matured amount **(III)** (**₹ 1 Debentures**)					**9.10**
Unclaimed Matured amount **(IV)** (**₹ 1,000 Debentures**)					**100.00**
Total (I) + (II) + (III) + (IV)					**6,848.30**

Cumulative Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity Period from the date of allotment	Date of Redemption	Amount outstanding as on 31-Dec-21
Opening balance as on 31.12.2020 (Principal)	**4,880.33**			-	-
₹ 1,000 Debentures	-	-	-	-	-
31.10.2020 to 11.12.2021	-	8.50	15 Months	31.01.2022 to 11.03.2023	442.00
08.02.2020 to 22.06.2021	-	8.75 to 9.75	24 Months	08.02.2022 to 22.06.2023	510.50
07.01.2019 to 30.12.2021	-	9.00 to 10.00	36 Months	07.01.2022 to 30.12.2024	3,198.10
Total (I)					**4,150.60**
Interest accrued but not due on the above **(II)**					**546.99**
Unclaimed matured amount **(III)** (**₹ 1 Debentures**)					**2.43**
Unclaimed matured amount **(IV)** (**₹ 1,000 Debentures**)					**50.00**
Total (I) + (II) + (III) + (IV)					**4,750.02**

B. Secured and Unsecured Redeemable Non-Convertible Debentures (Public Issue)

Public Issue May 2019

Our Company has made a public issue of 15,00,000 Secured and Unsecured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each aggregating ₹ 15,000.00 lakh and allotted 11,77,000 Non-Convertible Debentures aggregating ₹ 11,770.00 lakhs on May 15, 2019.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Option	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield. (%) p.a.	Amount Outstanding as on December 31, 2021 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
III	INE302E07193	Monthly	36	9.75	9.75	592.26	15th May 2019	15/05/2022
IV	INE302E07201	Annually	36	9.75	10.11	268.93		15/05/2022
V	INE302E07219	Cumulative	36	N.A.	11.17	800.13		15/05/2022
VI	INE302E07227	Monthly	48	10.00	10.00	1,909.01		15/05/2023

VII	INE302E07235	Annually	48	10.00	10.38	292.14		15/05/2023
VIII	INE302E07243	Cumulative	48	N.A.	12.11	1,541.34		15/05/2023
Unsecured								
IX	INE302E08027	Monthly	61	10.25	10.25	2,084.53		15/06/2024
X	INE302E08035	Annually	61	10.25	10.65	106.70		15/06/2024
XI	INE302E08043	Cumulative	61	N.A.	13.24	2,183.57		15/06/2024
TOTAL						**9,778.61**		
Rating	"[ICRA] BBB (Stable)"							
Security	Mortgage over an identified immovable property admeasuring 2,400 square feet situated at Paruvai Village, Paruvai Panchayat under Tiruppur Registration District, owned by our Company. Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue May 2020

Our Company has made a public issue of 20,00,000 Secured and Unsecured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each aggregating ₹ 20,000.00 lakh and allotted 10,28,631 Non-Convertible Debentures aggregating ₹ 10,286.31.00 lakhs on May 08, 2020.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount Outstanding as on December 31, 2021 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
I	INE302E07250	Monthly	24	9.50	9.50	1691.11	8th May 2020	08/05/2022
II	INE302E07268	Cumulative	24	N.A.	10.33	1972.55		08/05/2022
III	INE302E07276	Monthly	39	9.75	9.75	811.80		08/08/2023
IV	INE302E07284	Annually	39	9.75	10.11	141.50		08/08/2023
V	INE302E07292	Cumulative	39	N.A.	11.31	793.53		08/08/2023
VI	INE302E07300	Monthly	49	10.00	10.00	1894.23		08/06/2024
VII	INE302E07318	Annually	49	10.00	10.38	248.73		08/06/2024
VIII	INE302E07326	Cumulative	49	N.A.	12.17	1129.16		08/06/2024
Unsecured								
IX	INE302E08050	Monthly	62	10.25	10.25	738.88		08/07/2025
X	INE302E08068	Annually	62	10.25	10.65	66.60		08/07/2025
XI	INE302E08076	Cumulative	62	N.A.	13.30	798.22		08/07/2025
	TOTAL					**10,286.31**		
Rating	"[ICRA] BBB (Stable)"							
Security	Mortgage over an identified immovable property admeasuring 1705 sq.ft., situated at Anna Nagar, Madurai, under Madurai Registration District, owned by our Company. Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue May 2021

Our Company has made a public issue of 20,00,000 Secured and Unsecured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each aggregating ₹ 20,000.00 lakh and allotted 19,85,365 Non-Convertible Debentures aggregating ₹ 19,853.65 lakhs on July 29, 2021.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount Outstanding as on December 31, 2021 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
I	INE302E07334	Monthly	26	9.50	9.50	2,948.94	29th July 2021	29/09/2023
II	INE302E07342	Cumulative	26	N.A.	10.42	3,213.84		29/09/2023
III	INE302E07359	Monthly	39	9.75	9.75	1,663.12		29/10/2024
IV	INE302E07367	Cumulative	39	N.A.	11.32	1,595.15		29/10/2024
V	INE302E07375	Monthly	49	10.00	10.00	3,566.23		29/08/2025
VI	INE302E07383	Cumulative	49	N.A.	12.17	2,106.90		29/08/2025
Unsecured								

VII	INE302E08084	Monthly	61	10.50	10.50	3,088.94		29/08/2026
VIII	INE302E08092	Cumulative	61	N.A.	13.64	1,670.53		29/08/2026
	TOTAL					**19,853.65**		
Rating	“[ICRA] BBB (Stable)”							
Security	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

2. UNSECURED BORROWINGS AVAILED BY OUR COMPANY

A. Fixed deposits

As a deposit-taking non-banking financial company, we accept unsecured deposits from the public, both non-cumulative and cumulative basis, which are accepted in multiples of ₹ 1,000 with a minimum deposit amount of ₹ 10,000 which are maturing for a period ranging from 15 months to 36 months from the date of the acceptance of deposit. As on date, the fixed deposit carries rate of interest in the range of 8.25% p.a. to 8.50 % p.a.

Given below is the brief summary of the fixed deposit details as on December 31, 2021.

Type of instrument	Amount outstanding as on December 31, 2021 (₹ lakh)*	Repayment date / schedule	Credit rating
Fixed deposits - non cumulative scheme	3,450.12	15-36 months from the date of the deposit / renewal	MA- (Stable) (ICRA Limited)
Fixed deposits - cumulative scheme	5,787.83	15-36 months from the date of the deposit / renewal	
Total	**9,237.95**		

** The above fixed deposit amount also includes the unclaimed deposits amount.*

B. Unlisted subordinated debt

Our Company has issued unlisted, unsecured, subordinated, debt of face value of ₹ 1,000 each (“**Retail Subordinated Debt I and II**”) to retail subscribers on private placement basis. The retail Subordinated Debts have been allotted for a tenor of 61 months, at interest rates of 11.50% p.a (Retail Subordinated Debt Series I) and 10% p.a. (Retail Subordinated Series II).

Given below is the brief summary of our retail subordinated debts as on December 31, 2021:

Type of instrument	Amount outstanding as on December 31, 2021 (₹ lakh)*	Repayment date / schedule	Date of allotment	Credit rating
Retail subordinated debt I		Tenor of 61 months	August 01 2013 to December 16 2014	N A
Fixed Income	12.72			
Cumulative Income	9.91			
Retail subordinated debt II				
Fixed Income	13,782.00	Tenor of 61 months	October 30 2018 to May 30 2020	N.A
Cumulative Income	9,598.60			
Total	**23,403.23**			

** The above subordinated debt amount also includes the unclaimed amount.*

3. Perpetual Debt

Our Company has not issued any Perpetual Debt

4. Commercial Papers

Our Company has not issued any Commercial Papers.

5. Corporate Guarantees

Our Company has not issued any Corporate Guarantees.

6. Inter-Corporate Deposits

Our Company has not issued any Inter-Corporate Deposits

7. **Inter-Corporate Loans**

Our Company has not borrowed any amount by way of demand loans under the same management.

8. **Loan from Directors and Relatives of Directors**

Sl No	Name of the Director / Relative	Amount Raised (₹ lakhs)	Amount Outstanding (₹ lakhs)
(A) Subscription in NCDs:			
1	Sri P S Gopalakrishnan	10.00	10.00
2	Smt Vinodhini Balasubramaniam	80.00	80.00
3	Smt Samyuktha Vanavaraayar	195.00	195.00
4	Miss Shruthi Balasubramaniam	43.00	43.00
5	Smt Lalitha Ramakrishnan	26.25	26.25
6	Sri Hariharasudhan Manickam	2.00	2.00
7	Selvi Anusha Bhansali	10.00	10.00
8	Smt Karunambal Vanavarayar	300.00	300.00

(B) Subscription in SD Bonds:			
1	Smt Vinodhini Balasubramaniam	10.00	10.00
2	Selvi Shruthi Balasubramaniam	10.00	10.00

9. **Details of any outstanding borrowings taken / debt securities issued for consideration other than cash. (a) in whole or part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2021**.

Our Company has no outstanding borrowings taken / debt securities issued whether taken or issued (a) for consideration other than cash, whether in whole or in part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2021

10. **Details of rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on December 31, 2021:**

The details of outstanding Redeemable, Cumulative Preference Shares as on December 31, 2021 is given below:

Name of the Instrument	Instrument	Allotted on	Outstanding (₹ Lakhs)	Schedule of repayment
Redeemable Cumulative Preference Shares	Preference Shares	February 13, 2021	349.00	February 13, 2024
		February 26, 2021	486.50	February 26, 2024
		March 12, 2021	200.50	March 12, 2024
		March 31, 2021	133.00	March 31, 2024
		April 19, 2021	331.00	April 19, 2024
			1,500.00	

List of Top holding by NCD Public Issue / NCD (Private Placement / Subordinated Debt)

Sl No	Name of Holder of NCS	Amount (₹ Lakhs)	% of total NCS Outstanding
1	Manoharan P	447.00	0.63
2	Jansi Rani Ramaswamy	388.10	0.55
3	Karunambal Vanavarayar	300.00	0.43
4	Jansi Rani Ramaswamy	230.00	0.33
5	Tarla H Malani	200.00	0.28
6	KalidhasMakhalekshemi	180.00	0.26
7	AchudanBhuvana Mohan Soshma Pradeep Kumar	180.00	0.26
8	RaghupathySwaminathan	176.00	0.25

9	Sockalingam Kalidhas	153.34	0.22
10	Saikumar B A	150.00	0.21

11. The amount of Corporate Guarantee issued by our Company along with the name of the counterparty on behalf of whom it has been issued

Our Company has not issued any Corporate Guarantee to any party as on December 31, 2021

12. Servicing behavior on existing debt securities, payment of due interest on due dates on financing facilities or securities

As on the date of the Prospectus, there has been no default in payment of principal or interest on any existing financing facilities or term loan or debt security issued by the Issuer in the past.

13. *Significant restrictive covenants in our debt facilities*

Some of the significant corporate actions for which our Company requires the prior written consent of lenders include the following:

(i) to declare and/or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
(ii) to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
(iii) to create or permit any charges or lien on any mortgaged or hypothecated properties;
(iv) to amend its MOA and AOA;
(v) to make any major investments by way of deposits, loans, share capital, etc. in any manner.
(vi) to effect a change of ownership or control, or management of the Company;
(vii) to enter into long term contractual obligations directly affecting the financial position of the Company;
(viii) to borrow or obtain credit facilities from any bank or financial institution;
(ix) to undertake any guarantee obligations on behalf of any other company;
(x) to change its practice with regard to the remuneration of Directors;
(xi) to compound or realise any of its book debts and loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented;
(xii) to alter its capital structure, or buy-back, cancel, purchase, or otherwise acquire any share capital; and
(xiii) to enter into any transaction with its affiliates or transfer any funds to any group or associate concern.

Additionally, certain lenders have the right to nominate a director on the Board on the occurrence of an event of default at any time during the term of the financial facilities.

MATERIAL DEVELOPMENTS

In the opinion of the Board, other than as disclosed elsewhere in this Draft Prospectus and hereinafter below, there have been no material developments since December 31, 2021 and there have risen no circumstances that materially or adversely affects the operations or financial condition or profitability of our Company or the value of our assets or our ability to pay our material liabilities over the next 12 months.

SECTION VI: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the details of the key terms of the NCDs. This Section should be read in conjunction with and is qualified in its entirety by more detailed information in Chapter titled ***"Terms of the Issue"*** on ***page 158*** of this Draft Prospectus.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions
Issuer	Sakthi Finance Limited
Type of Instrument / Name of Security	Rated, Secured, Redeemable NCDs of Face Value of ₹ 1,000 each
Nature of the Instrument	Secured Redeemable Non-Convertible Debentures; .
Seniority	The claims of Secured NCDs holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and /or regulatory requirements. The Secured NCDs would constitute secured obligations of our company and shall rank *pari passu inter se,* to the claims of other creditors of Company having the same security.
Mode of Issue	Public Issue
Lead Manager	Dalmia Securities Private Limited
Debenture Trustee	Catalyst Trusteeship Limited
Eligible Investors	Refer the Chapter titled ***"Issue Procedure - Who can Apply"*** on page 180 of this Draft Prospectus
Listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 6 (six) Working Days from the date of Issue Closure. For more information, refer **"*Other Regulatory and Statutory Disclosures*"** on page 223 of this Prospectus.
Credit Rating of the Instrument	The NCDs proposed to be issued by our Company have been rated by ICRA Limited (**"ICRA").** ICRA has, by its letter no. ICRA/Sakthi Finance Limited/18032022/1 dated March 18, 2022, assigned a rating of **"[ICRA] BBB (Stable)"** for an amount up to ₹ 10,000 lakh for the proposed NCD issue. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. ICRA reserves its right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned. The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Debentures to be issued. Please refer to ***Annexure C*** of this Draft Prospectus for rating letters and rationale for the above ratings.

Issue Size / Option to retain Over-subscription	Public Issue of Rated, Secured, Redeemable, Non-Convertible Debentures Face Value of ₹ 1,000 each **(“NCDs”)** for an amount not exceeding ₹ 5,000 lakh (hereinafter referred to as the “**Base Issue**”) with an option to retain over subscription for an amount not exceeding ₹ 5,000 lakh, aggregating to an amount not exceeding ₹ 10,000 lakh (hereinafter referred to as the **“Overall Issue Size**”).
Minimum Subscription	In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. Under Section 39(3) of the Companies Act 2013, read with Rule 11(2) to the Companies (Prospectus and Allotment of Securities) Rules 2014, if the above stated minimum subscription amount is not received within 30 days from the date of issue of the Prospectus, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Account(s) of the Applicants within 6 (six) working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period. Under Section 39(3) of the Companies Act 2013 read with Rule 11(2) to the Companies (Prospectus and Allotment of Securities) Rules 2014, if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with the Company and/or Registrar, refunds will be made to the account prescribed. However, where the Company and/or Registrar does not have the necessary information for making such refunds, the Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Operational Circular
Objects of the Issue	Refer the Chapter titled ***“Objects of the Issue"*** on page 57 of the Draft Prospectus
Details of the utilisation of Issue Proceeds	Refer the Chapter titled ***“Objects of the Issue”*** on page 57 of the Draft Prospectus
Coupon Rate / Step up, Step Down Coupon Rate	Refer the Chapter titled ***“Terms of the Issue”*** on Page 158 of the Draft Prospectus. There will be no Step down / Step up in the interest rates during the tenor of the Debentures.
Coupon Reset Process	Not applicable as the Interest is fixed type for the NCDs.
Coupon payment frequency	Refer the Chapter titled ***“Terms of the Issue”*** on page 158 of the Draft Prospectus
Coupon payment Date	Refer the Chapter titled ***“Terms of the Issue”*** on page 158 of the Draft Prospectus
Coupon Type	Fixed
Day Count Basis	Actual /Actual
Interest on Application Money	Refer the Chapter titled ***“Terms of the Issue-para on Minimum Subscription”*** on page 171 of the Draft Prospectus
Default Interest Rate	Our Company shall pay interest in connection with any delay in allotment, refunds in case of failure of the Issue or non-receipt of listing and trading approval, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws Our Company shall pay at least two per cent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust

<table>
<tr><td></td><td>deed if our Company fails to execute the trust deed within the period specified in the SEBI NCS Regulations.</td></tr>
<tr><td>Tenor</td><td>Refer the Chapter titled "Terms of the Issue" on Page 158 of the Draft Prospectus</td></tr>
<tr><td>Redemption / Maturity Date</td><td><table><tr><th>Option</th><th>Redemption date / Maturity Period as applicable</th></tr><tr><td>I to (***)</td><td>Expire of (***) months from the deemed date of allotment of the respective options as finalized in the Prospectus.</td></tr><tr><td></td><td>If the Redemption Date / Maturity Date of any Options of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment.</td></tr></table></td></tr>
<tr><td>Redemption / Maturity Amount and Redemption Premium / Discount</td><td>Repayment of the Face Value plus any interest that may have accrued on the Maturity Date for Individual and/or Institutional and/or Non-Institutional Investors, as the case may be. The NCDs under this Issue does not have any redemption premium / discount</td></tr>
<tr><td>Issue Price</td><td>₹ 1,000 per NCD</td></tr>
<tr><td>Discount at which Security is issued and effective yield as a result of such discount</td><td>Not Applicable</td></tr>
<tr><td>PUT/CALL Options Date, Price and notification time</td><td>Not Applicable</td></tr>
<tr><td>Face Value</td><td>₹ 1,000 per NCD</td></tr>
<tr><td>Minimum application size and in Multiples of debt Securities thereafter</td><td>₹ 10,000 (10 NCDs). (for all Options of NCDs, either taken individually or collectively) and thereafter in lots of 1 NCD.</td></tr>
<tr><td>Market Lot / Trading Lot</td><td>The market lot will be 1 Debenture ("Market Lot"). Since the Debentures are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of debentures</td></tr>
<tr><td>Issue Timings:
1. Issue Opening Date</td><td>
(*)____________</td></tr>
<tr><td>2. Issue Closing Date**</td><td>(*)</td></tr>
<tr><td>3. Pay-in Date</td><td>All monies to be paid in on the application date</td></tr>
<tr><td>4. Date of earliest Closing of the issue / Deemed date of Allotment, if any</td><td>The date on which the Board or NCD Issuance Committee thereof approves the Allotment of NCDs or such other date as may be determined by the Board of Directors / or the NCD Issuance Committee thereof and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment</td></tr>
<tr><td>Depositories</td><td>NSDL and CDSL</td></tr>
<tr><td>Issuance mode of the Instrument*</td><td>Dematerialised form</td></tr>
<tr><td>Trading mode of the Instrument*</td><td>Dematerialised form only</td></tr>
<tr><td>Settlement mode of the Instrument</td><td>Through various modes</td></tr>
<tr><td>Mode of Payment</td><td>Please refer the Chapter titled "Issue Procedure" on page 179 of this Draft Prospectus</td></tr>
<tr><td>Working Day (Business Day) Convention / Effect of holidays on payment</td><td>"Working Day(s)" mean(s) all days on which commercial banks in the city, as specified in the offer document, are open for business;

Excluding Saturdays and Sundays or a holiday for commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges excluding Saturdays and Sundays and bank holidays in Mumbai. During the tenor of the NCDs,</td></tr>
</table>

	interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. If the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date. ***In connection with NCDS where monthly interest is payable 15 (Fifteen) Days prior to the date on which interest is due and payable, or the date of redemption, or as may be prescribed by the Stock Exchanges and in connection with NCDs which are Cumulative in nature, 15 (Fifteen) Days prior to the date of redemption or as may be prescribed by the Stock Exchange.*** If the Record Date falls on a day that is not a Working Day, then the immediate succeeding Working Day will be deemed as Record Date. **Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount for such NCDs) prior to redemption of NCDs.**
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As referred in the chapter titled "Terms of the Issue" on page 158 and in accordance with the Debenture Trust Deed.
Description regarding Security (where applicable) including type of security (movable, immovable, tangible etc.), type of charge (pledge / hypothecation / mortgage etc) date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Prospectus	The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company, as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon) is maintained at all times till the maturity date. The assets are not charged and there are no other creditors sharing the security that is offered for the issue of Secured NCDs on *pari passu* basis. We have received necessary consents from the relevant debenture trustee in relation to the NCDs. While the debt securities are secured to the tune of 100% of the principal and interest amount or as per the terms of offer document/ Information Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. The NCDs shall be considered as secured only if the charged asset is registered with sub-registrar or RoC or CERSAI or depository etc., as applicable, or is independently verifiable by the Debenture Trustee. Our company shall execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other timeframe as may be stipulated from time to time. The security shall be

	created prior to making the listing application for the NCDs with the Stock Exchange(s). For further details on date of creation of security / likely date of creation of security, minimum security cover etc., please refer to the relevant Section in the Prospectus. The revaluation and replacement of the security shall be in accordance with the Debenture Trust Deed. For further details on date of creation of security/likely date of creation of security, minimum security cover etc, please refer to the Chapter titled "***Terms of the Issue – Security***" on page 158 of this Prospectus.
Transaction Documents / Issue Documents	The Draft Prospectus and the Prospectus read with any notices, corrigenda, addendum thereto, the Debenture Trust Deeds, Abridged Prospectus along with Application Form, and other documents, as applicable, and various other documents / agreements / undertakings, entered or to be entered by our Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Sponsor Bank Escrow Agreement, the Registrar Agreement and the Lead Broker Agreement. For further details, please refer to Chapter titled **"*Material Contracts and Documents for Inspection*"** on page 275 of this Draft Prospectus.
Condition precedent to Disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedent to disbursement.
Condition subsequent to the disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)	Refer the Chapter titled **"*Terms of the Issue-Events of Default*"** on page 160 of this Draft Prospectus.
Creation of recovery expense fund	Our Company undertakes to deposit in the manner as may be specified by SEBI, from time to time, the amount in the recovery expense fund and inform the Debenture Trustee regarding the creation of deposit in such fund and inform the Debenture Trustee regarding the deposit of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	The Debenture Trustee may, with the consent of all the Debenture Holder(s)/ Beneficial Owner(s), at any time, waive on such terms and conditions as it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee or the Debenture Holder(s)/ Beneficial Owner(s) in respect of any subsequent breach thereof.
Provisions related to Cross Default Clause	As provided in the Debenture Trust Deed.
Role and Responsibilities of Debenture Trustee	Please refer Chapter titled **"*Terms of the Issue-Trustee for the NCD Holders*"** on page 159 of this Draft Prospectus.
Registrar to the Issue / Registrar	Link Intime India Private Limited
Risk factors pertaining to the Issue	Please refer Section titled ***"Risk Factors"*** on page 17 of this Prospectus
Governing law and jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law and the competent Courts of jurisdiction in Coimbatore, India,

***** *Our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialised form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. However, any trading of the NCDs shall be compulsorily in dematerialized form only.*

** *The subscription list shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or the NCD Issuance Committee. In the event of such early closure of or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through* *an advertisement in a leading daily national newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE. For further details, please refer the Chapter titled "General Information" on page 37 of this Prospectus.*

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount for such NCDs) prior to redemption of NCDs.

SPECIFIC TERMS AND CONDITIONS IN CONNECTION WITH EACH OPTION OF NCDs

The NCDs being issued are in the form of Secured Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 each. The principal terms of each option of NCDs are set out below:

Options	**Various which will be finalised at the time of Issue of prospectus**
Frequency of interest payment	**Monthly/ Annual/ Cumulative which will be finalized at the time of Issued of prospectus**
Nature of Instruments	**Secured NCDs**
Category of Investor who can apply	**All categories of Investors (I, II, III and IV)**
Minimum application	**₹ 10,000 (10 NCDs) (for all options of NCDs, either taken individually or collectively)**
In multiples of	**₹ 1,000 (1 NCD) after minimum application**
Face value of Secured NCDs	**₹ 1,000**
Issue Price of Secured NCDs	**₹ 1,000**
Tenor from deemed date of allotment (in months)	**Will be finalized based on options**
Coupon (%) for all Category of Investor(s)	**Will be finalized based on options**
Effective Yield (per annum) for all Category of Investor(s)	**Will be furnished**
Mode of interest payment	**Through various payment modes available**
Amount (₹) on maturity for all Category of Investor(s)	**Will be finalized based on options at the time of issue of Prospectus**
Maturity Date (from Deemed Date of Allotment) (in months)	**Will be finalized based on options at the time of issue of Prospectus**

[#] In respect of Option (Monthly Interest payment), Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date and will be paid on monthly basis. Interest will be calculated from the 1st day till the last day of the month on an actual basis during the tenor of such NCDs and paid on the first working day of every subsequent month. For the first interest payment for NCDs under the monthly options, if the Deemed Date of Allotment is prior to fifteenth of that month, the interest for that month will be paid on the first day of subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first working day of the month next to that subsequent month.

[@] Further, in case of Cumulative Options for the purpose of deduction of tax interest will be deemed to accrue every year and tax will be deducted on the accrued interest in each financial year, if required. With respect to Options where cumulative payment would be made at the time of redemption, the yield is calculated based on quarterly rest compounding for the full year period and based on monthly rest basis for the residual period.

* *subject to applicable tax deducted at source, if any.*

Our Company shall allocate and allot Option (***) NCDs wherein the Applicants have not indicated their choice of the relevant NCD Option.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S.

Securities Act 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulations under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on Section 3(c)(7) thereof. This Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

For details of the Interest payment, please refer to para ***"Interest and Payment of Interest"*** at page no. 166 of this Prospectus.

Terms of payment

The entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA account, in accordance with the terms of this Prospectus.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions / consents / approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual / actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Please note that in case the NCDs are transferred and / or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the record date.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on the succeeding Working Day. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest, if any, will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Operational Circular, is furnished at ***Annexure B.***

TERMS OF THE ISSUE

Authority for the Issue

At the meetings of the Board of Directors of our Company held on 13 November 2021 and on 14 February 2022 the Directors approved the public issue of Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each, for an amount not exceeding ₹ 5,000 lakh as Base Issue with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating to an amount not ₹ 10,000 lakh.

In terms of resolution passed by the shareholders of our Company through postal ballot, results of which were declared on April 5, 2014 and in accordance with the provisions of Section 180(1)(c) of the Companies Act 2013, the Board has been authorised to borrow any sum or sums of money from time to time, as may, in the opinion of Board of Directors, deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained/to be obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore (Rupees two thousand five hundred crore only), over and above the aggregate of paid-up capital of the company and its free reserves, the aggregate value of the NCDs offered under the Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 2,500 crore.

Principal terms and conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the applicable provisions of the Companies Act 2013, the Memorandum and Articles of Association of our Company, the terms of the Prospectus, the Application Forms along with the Abridged Prospectus, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deeds, other applicable statutory and/or regulatory requirements including those issued from time to time by GOI, RBI, SEBI, BSE, and/or other statutory / regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs. Apart from this, the following conditions are also applicable to the Issue.

a) Conditions Precedent to Disbursement (please refer Chapter titled ***"Issue Structure"*** - Page 150)
b) Condition Subsequent to Disbursement (please refer Chapter titled ***"Issue Structure"*** - Page 150)
c) Covenants of the issue pertaining to side letters, accelerated payment clause (including provisions for debt to equity conversion) if any (please refer Chapter titled "***Issue Structure"*** – Page 150") and
d) Risk factors pertaining to the issue (please refer the Section titled ***"Risk Factors"*** starting from page 17)

Ranking of Secured NCDs

The Secured NCDs would constitute secured obligations of the Company and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company as may be decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets equal to the value one time of the debentures outstanding plus interest accrued thereon and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. The Secured NCDs proposed to be issued under the Issue and all earlier issues of debentures outstanding in the books of our Company having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

Security

Our Company undertakes that the assets offered as Security for the proposed issue of secured NCDs will be free from any other encumbrances. The Debenture Trustee (acting for the benefit of the Debenture Holders) shall hold the Security created by the Company under or in terms of the Transaction Documents, in its favour, upon trust, subject to the powers and provisions contained herein, for securing the Secured Obligations.

The principal amount of the Secured NCDs and all the secured obligations to be issued in terms of the Draft Prospectus and Prospectus shall be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables/assets as may be decided mutually by our Company and the Debenture Trustee.

Our Company will create appropriate security in favour of the Debenture Trustee for the Secured NCD Holders on the assets adequate to ensure 100% asset cover for the Secured NCDs (along with the interest due thereon) throughout the entire tenor of the Debentures and this Deed.

Our Company hereby declares that it has obtained/will obtain no objection certificates/ permission, wherever required, in terms of the existing transaction documents from all the existing charge holders agreeing to cede *pari passu* charge on Secured Assets of the Company to secure the Debentures.

Our Company undertakes that the necessary documents for the creation of the security, including the Secured Debenture Trust Deed would be executed within the timeframe prescribed as per applicable law and it would be uploaded on the website of the Designated Stock exchange, within five working days of execution of the Debenture Trust Deed.

Our Company undertakes that it shall create the security as set out in the Debenture Trust Deed, prior to listing application of the Debentures. Further, the charge created by Issuer shall be registered with Sub-registrar, Registrar of Companies, CERSAI, Depository etc. as applicable, within 30 days of creation of such charge. In case the charge is not registered anywhere or is not independently verifiable, it shall be considered a breach of covenants / terms of the issue by the Issuer . Our Company undertakes that the proceeds of the issue of Debentures shall be kept in an escrow account, opened for the purpose, until the documents for creation of Security are executed and shall utilise the funds only after the stipulated security has been created.

In the event that the Company fails to create and perfect a valid security on the terms set out in this Deed and other Transaction Documents within relevant time period set out, the Company shall be required to either (i) refund the entire subscription amount, or (ii) pay an interest of at least 2% per annum over and above the coupon rate of interest on the amounts outstanding on the Debenture, until the security is created and perfected in the manner and on the terms set out in this Deed and other Transaction Documents**.** The Company also agrees to promptly disseminate and disclose information pertaining to failure to create security, on the assets, on its website.

Debenture Trust Deed(s)

Our Company intends to enter into Debenture Trust Deed with the Debenture Trustee for the benefit of the NCD Holders, the terms of which will *inter alia*, govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed before the Allotment of NCDs. Under the terms of the Debenture Trust Deed, our Company will covenant with Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rates specified in this Prospectus and Debenture Trust Deeds. The Secured Debenture Trust Deed will also provide that the Company may withdraw any portion of the Security or replace with another assets of the same or higher value.

Trustee for the NCD Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustee for the NCD holders in terms of Regulation 8 of SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute Debenture Trust Deed for, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may, in its absolute discretion, deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee has agreed to act as Trustee to the Issue for a fee as per the letter dated February 28, 2022

The Debenture Trustee will protect the interest of the NCD Holders in the event of happening of an Event of Default with regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

As per Regulation 18(1) of the SEBI NCS Regulations, trust deed for securing the issue of debt securities shall be executed by the issuer in favour of the debenture trustee within three months of the closure of the issue. Accordingly, we shall execute the Trust Deed within the above stipulated time limit.

In the event of our failure to execute the trust deed within the above period, without prejudice to any liability arising on account of violation of the provisions of the Act and these Regulations, we shall also pay interest of at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed.

Debenture Redemption Reserve ("DRR")

In accordance with amendments to the Companies Act 2013 and the Companies (Share Capital and Debentures) Rules 2014, read with Regulation 16 of the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules 2014, notified on August 16, 2019 and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue.

The Company shall, however, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law.

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen per cent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

a) deposits with any scheduled bank, free from any charge or lien;
b) unencumbered securities of the Central Government or any State Government;
c) unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of Section 20 of the Indian Trusts Act 1882; and
d) unencumbered bonds issued by any other company which is notified under sub-clause (f) of the Indian Trusts Act 1882

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred to above.

Face Value

The face value of each NCD shall be ₹ 1,000.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee, at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD holders (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular option of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice, *inter alia,* if any of the events listed below occurs.

The description below is indicative only and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deeds.

Indicative list of Events of Default:

i) Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;
ii) Default is committed in payment of the principal amount of the NCDs on the due date(s);
iii) Default is committed in payment of any interest on the NCDs on the due date(s);

iv) Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s) / Beneficial Owner(s) / Debenture Trustee and such default shall have continued for a period of thirty (30) days after notice in writing thereof been given to the Company by the Debenture Holder(s)/ Beneficial Owner(s) / Debenture Trustee for remedying such default;

v) Default is committed if any information given to the Company in the Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s) / Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;

vi) Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent Court;

vii) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganisation, liquidation or dissolution;

viii) Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfill its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts:

ix) The Company ceases to carry on its business or gives notice of its intention to do so;

x) If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;

xi) Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;

xii) Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;

xiii) If the Company files a petition for reorganisation, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);

xiv) If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;

xv) If it becomes unlawful for the company to perform any of its obligations under any transaction document;

xvi) Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;

xvii) Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or endangers any hypothecated properties or any part thereof or any event occurs which causes the Debenture Deed or any related agreement to become ineffective;

xviii) Any security created at any time, without prior written consent of the Debenture Trustee or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties; and

Any other event described as an Event of Default in the Disclosure Documents/ Prospectus and the Transaction Documents. In accordance with the circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI on "Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**") / enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level. Regulation 51 read with the Explanation to Clause A(11) in Part B of Schedule III to the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the abovementioned Circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) dated October 13, 2020 issued by SEBI.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members / shareholders of our Company, the said resolution will first be placed before the registered Secured NCD holders concerned for their consideration. In terms of Section 136(1) of the Companies Act, 2013, holders of Secured NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Secured NCDs or with the sanction of a special resolution passed at a meeting of the Secured NCD holders concerned, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if they are not acceptable to us.

3. Subject to applicable statutory / regulatory requirements and terms of the Debenture Trust Deed, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the Secured NCD holders concerned and every such holder shall be entitled to one vote on a show of hands and on a poll, his / her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

4. The Secured NCDs are subject to the provisions of the SEBI NCS Regulations, the Companies Act 2013, the Memorandum and Articles of Association of our Company, the terms of the draft Prospectus, the Prospectus the Application Form along with the Abridged Prospectus, corrigendum if any, addendum if any, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.

5. For the Secured NCDs issued in dematerialized form, the Depositories shall also maintain the up-to-date record of holders of the Secured NCDs in dematerialized Form. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial owners of Secured NCDs maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Secured NCD Holders for this purpose. The register shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless it has been moved to another location after obtaining the consent of the Secured NCD holders.

6. A register of NCD holders holding NCDs in physical form pursuant to rematerialisation of the NCDs pursuant to this Issue (register of NCD holders) will be maintained in accordance with Section 88 of the Companies Act 2013 and all interest/ redemption amounts and principal sum becoming due and payable in respect of the NCDs will be paid to the registered holder therefor for the time being or in the case of joint holders, to the person whose name stands first in the Register of NCD holders as on the Record Date.

7. Subject to compliance with applicable statutory requirements, the Secured NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the Secured NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the Secured NCDs, who have not given their positive consent to the roll-over.

The above rights of the Secured NCD holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of the Offer Document and the Secured Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with the applicable provisions of the Companies Act 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules 2014, any NCD holder may, at any time, nominate in the Form No SH-13, any person as his nominee in whom the NCDs shall vest in the event of his death. On the receipt of the said nomination as per prescribed law, a corresponding entry shall forthwith be made in the relevant register of securities holders, maintained under Section 88 of the Companies Act, 2013. Where the NCDs are held by more than one person jointly, all joint holders may together nominate, in the prescribed manner, any person to whom all the rights in the NCDs shall vest in the event of death of all the joint holders. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate as prescribed any person as nominee. The request for nomination should be recorded by the Company within a period of two months from the date of receipt of the duly filled and signed nomination form. In the event of death of the NCD Holder or where the NCDs are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee, may upon the production of such evidence as may be required by the Board, elect, either:

(a) to register himself as holder of the NCDs; or
(b) to transfer the NCDs as the deceased holder could have done.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the NCDs himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, and such notice shall be accompanied with the death certificate of the deceased NCD Holder(s).

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the NCDs, where a nomination made in the prescribed manner purports to confer on any person the right to vest the NCDs. the nominee shall, on the death of the holder of NCDs or, as the case may be, on the death of the joint holders, become entitled to all the rights in the NCDs, of the NCD Holder or, as the case may be, of all the joint holders, in relation to the said NCDs, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

All the limitations, restrictions and provisions of the Companies Act 2013 relating to the right to transfer and the registration of transfers of the NCDs shall be applicable to any such notice or transfer as aforesaid as if the death of the NCD Holder had not occurred and the notice or transfer were a transfer signed by that NCD Holder. Where the nominee is a minor, it shall be lawful for the NCD Holder, making the nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of the death of the nominee during his minority. Where the nominee is a minor, NCD Holder making the nomination, may appoint a person as specified under sub-rule (1) of Rule 19 to the Companies (Share Capital and Debentures) Rules, 2014, who shall become entitled to the NCDs, in the event of death of the nominee during his minority. A person, being a nominee, becoming entitled to NCDs by reason of the death of the NCD Holder shall be entitled to the same interests and other advantages to which he would have been entitled to if he were the registered NCD holder except that he shall not, before being registered as a NCD Holder in respect of such NCDs, be entitled in respect of these NCDs to exercise any right conferred by subscription to the same in relation to meetings of the NCD Holders convened by the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the NCDs, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of interests, bonuses or other moneys payable in respect of the said NCDs, until the requirements of the notice have been complied with.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

Our Company has in the Debenture Trusteeship Agreement agreed, for the exclusive benefit of the Debenture Trustee and the Debenture holders, that the Courts in Coimbatore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trustee or the NCDs and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Debenture Trust Deed and the NCDs may be brought only in the Courts in Coimbatore.

Application in the Issue

NCDs being issued through the Offer Document can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including applications made by UPI Investors through the UPI mechanism).

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD. For details of allotment, refer to Chapter titled ***"Issue Procedure"*** under Section titled ***"Issue Related Information"*** beginning on page no. 179 of this Prospectus.

Transfer / Transmission of NCD(s)

The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of it, interest will be paid/redemption will be made to the person whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 ("**SEBI LODR IV Amendment**"), NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 01, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue except as may be required under RBI requirements and as provided in our Articles of Association. Pursuant to the SEBI LODR IV Amendment, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 01, 2019.

Title

The NCD Holder(s) for the time being appearing in the record of beneficial owners maintained by the Depository shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes.

Register of NCD Holders

No transfer of title of an NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act 2013 shall apply, *mutatis mutandis*, (to the extent applicable) to the NCDs as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate Court in India. The Directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for rematerialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after the Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Period of Subscription

ISSUE PROGRAMME

ISSUE OPENS ON **, 2022**
ISSUE CLOSES ON *****, 2022**
EARLIEST CLOSING DATE: *****, 2022**

* *The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ NCD Issuance Committee, as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisements in a leading national daily newspaper with wide circulation on or before such earlier date of Issue Closure or initial date of Issue closure, as the case may be. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange.*

*Further, please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, **"IST"**) **("Bidding Period")** during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. ("**IST**") and shall be uploaded until 5.00 p.m. ("**IST**") or such extended time as permitted by Stock Exchange. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

*Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, not later than 3.00 p.m. ("**IST**") on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of over-subscription, if any, where the Allotment will be proportionate.*

Interest and Payment of Interest

In respect of **Option (***)**, Payment of Interest will be made to those NCD Holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date and will be paid on monthly basis. Interest will be calculated from the 1st day till the last day of the month on an actual basis during the tenor of such NCDs and paid on the first working day of every subsequent month. For the first interest payment for NCDs under the monthly options, if the Deemed Date of Allotment is prior to fifteenth of that month, the interest for that month will be paid on the first day of subsequent month and if the Deemed Date of Allotment is post the fifteenth of that moth, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first working day of the month next to that subsequent month.

In respect of Cumulative Options**,** NCDs shall be redeemed on the Maturity Date for the redemption amount.

NCDs once allotted under any particular Option of NCDs shall continue to bear the applicable Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date and such tenor, coupon / yield and redemption amount as at the time of original allotment will not be impacted by trading of any Option of NCDs between the categories of persons or entities in the secondary market.

On any relevant Record Date, the Registrar and/or our Company shall determine the list of the Primary holder(s) of this Issue and identify such Investor/ NCD Holders, (based on their DP identification and/or PAN and/or entries in the Register of NCD Holders) and make the requisite payment.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the Interest Payment Date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on ***"Manner of Payment of Interest / Refund / Redemption Amounts"*** at page no. 168 in this Prospectus.

Our Company has agreed and declared that:

a. all interest which shall accrue on the outstanding Debentures or any part thereof and for the time being remaining unpaid and all other monies which have become payable under these presents shall in case the same be not paid on the dates on which they accrued due, carry compound interest at monthly rests, at the aforesaid rate will become due and payable over the monies due for the period of default.

b. the Debentures shall carry additional interest of at least 2% p.a over and above interest rate payable monthly/quarterly on the Debentures from the Deemed Date of Allotment till the creation of security in accordance with the Disclosure Documents/Prospectus, to the satisfaction of the Trustee or the Debenture Holder(s)/Beneficial Owners(s), if the security is not created within a period of applicable time limit from the date of closure of the issue.

c. in the event of any default in the payment of interest and/or in the redemption of the Debentures and all other monies payable pursuant to Debenture Trust Deed read with the Disclosure Documents/Prospectus, the Company shall pay to the holder/s of the Debentures, further interest at the rate of 2% per annum over the interest rate for the default in payment of interest, additional interest and/or principal amount till the dues are cleared.

Notwithstanding anything to the contrary in any other provision of the Debenture Trust Deeds, the penal interest as stated above shall not be considered for the calculation of overall return to the Debenture Holder(s).

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest, would be subject to the deduction of tax, if any, as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"). However, the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax, if any, as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon / interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Operational Circular. is disclosed at ***Annexure B.***

Record Date

Record Date shall mean in relation to any date on which any payments are scheduled to be made by the Company to the Debenture Holder(s) in terms of this Deed and the Prospectus (including the coupon payment date and the Redemption Date), the day falling 15 calendar days prior to such date. In the event the Record Date falls on a day, which is not a Business Day, in such case the immediately succeeding Business Day shall be considered as Record Date.

Put / Call Option

Not applicable

Premature Redemption

In case the Company fails for any reasons to utilize the proceeds for the Purpose, as specified in the (Prospectus/ Disclosure Document), the Debenture Holder(s)/Beneficial Owner will be entitled to rescind/avoid the contract on that ground and to call back the money, if any paid towards subscription of the Debentures.

Appropriation of payment

(a) Payment of the principal amount of each of the Debentures and interest and other monies payable thereon shall be made to the respective Debenture Holder and in case of joint Debenture Holders, to the one whose name stands first in the Register of Debenture Holder(s)/list of Beneficial Owner(s) as the case may be. Such payments shall be made by, real time gross settlement, cheque or Demand Draft drawn by the Company on its bankers.

(b) Notwithstanding anything to the contrary stated in the Transaction Documents, any payments by the Company under the Transaction Documents shall be appropriated in the following manner, namely:

   (i) Firstly, towards meeting any costs, charges and expenses and other monies incurred by the Debenture Trustee as also the remuneration payable by the Company to the Debenture Trustee;
   (ii) Secondly, towards default interest and compound interest as may be due and payable under the terms of the Transaction Documents;
   (iii) Thirdly, towards interest payable on the Debentures;
   (iv) Fourthly, towards redemption premium, if any; and
   (v) Lastly, towards redemption of principal amount of the Debentures due and payable by the Company to the Debenture Holder(s)/Beneficial Owner(s).

   If any amount whether redemption or interest, paid to the Debenture Holder(s) in respect of the Debentures is held to be void or set aside on the liquidation or winding up of the Company or otherwise, then for the purpose of this Deed such amount shall not be considered to have been paid.

Application Size

Each application should be for a minimum of 10 (ten) NCDs and in multiples of one (1) NCD thereafter. The minimum application size for each application for NCDs would be ₹ 10,000 (across all Options of NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all types of NCDs offered hereunder (any / all Option) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA /UPI Linked Bank Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Refund / Redemption Amounts

The manner of payment of interest / refund / redemption amounts in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption amount, as the case may be. Applicants, who are holding the NCDs in electronic form are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that any failure to do so could result in delays in credit of refunds to the Applicant at the Applicant’s sole risk and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Printing of Bank Particulars on Interest / Redemption Instruments

As a matter of precaution against possible fraudulent encashment of interest/redemption Instruments due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the instruments. In relation to NCDs held in dematerialized form, these particulars would be taken directly from the depositories. Bank account particulars will be printed on the instruments which can then be deposited only in the account specified.

Procedure for Redemption by NCD Holders

NCD held in electronic form

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque / pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights, including for payment or otherwise, shall stand extinguished from the date of redemption in all events and when we credit the redemption amounts to the NCD Holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in physical form on account of re-materialization

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. The procedure for rematerialisation of NCDs is furnished below:

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. NCD Holders who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the above documents and details are not submitted along with the request for such rematerialisation.

The payment on redemption of the NCDs will be made by way of electronic modes / pay order / cheque. However, if our Company so requires, the above payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques / pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate. In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption date.

The transferees, if any, should ensure lodgment of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we credit the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against us or the Registrar.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we credit the redemption amounts to the NCD Holder(s). Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we nor our affiliates nor their agents shall be liable for use of the above information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper with having nation-wide circulation and a regional language newspaper in Coimbatore and / or will be sent by post / courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V to SEBI NCS Regulations in compliance with Regulation 30 (1) of SEBI NCS Regulations. Material updates, if any, between the date of filing of this Prospectus with ROC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013 which is reproduced below:
"Any person who:

a. *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for its securities; or*
b. *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
c. *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447 of the Companies Act, 2013."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager, reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in this Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described above and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of the Base Issue Size i.e. ₹ 3,750 lakh within 30 days from the date of issue of the prospectus, entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 (six) working days, from the Issue closing date provided wherein, the Application Amount has been transferred to Public Issue Account from the respective ASBA Accounts. Such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate of 15% per annum for the delayed period.

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

Guarantee / Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in a separate bank account and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

a. Our Company will open a Separate bank account and all monies received out of the Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40(3) of the Companies Act 2013 and SEBI NCS Regulations and our company will comply with the conditions stated in it and those monies will be transferred to our company's bank account after receipt of listing and trading approvals;
b. The allotment letter shall be issued, or application money shall be refunded in accordance with the applicable laws failing in which interest shall due to be paid to the applicants at the rate of 15% per annum for the delayed period.
c. Details of all monies utilised out of the Issue referred above shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of the issue remains unutilised indicating the purpose for which such monies have been utilised along with details, if any;
d. Details of all unutilised monies out of the Issue, if any, shall be disclosed and continue to be disclosed under an appropriate separate head in our balance sheet till the time any proof of the proceeds of the issue remains unutilised indicating the form in which such unutilised monies have been invested;
e. Our Company shall utilize the Issue proceeds only upon (i) receipt of minimum subscription, (ii) completion of Allotment in compliance with Section 40 of the Companies Act 2013 (iii) Receipt of the listing and trading approval from the Stock Exchange and (iv) only upon execution of the documents for security creation and obtaining Listing and Trading approval as stated in this Prospectus in the Chapter titled "***Issue Structure***", beginning on Page 150;
f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property;
g. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested: and
h. The issue proceeds shall not be utilised for providing loan to or acquisition of shares of any person who is part of the same group or who is under same management.

The issue proceeds shall be utilised in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any statutory authority from time to time. Further, the issue proceeds shall be utilised only for the purpose and objects stated in the offer documents.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations, as amended. Our Audit Committee shall monitor the utilization of the proceeds of the Issue.

For the relevant quarters commencing from the financial year ending March 31, 2022, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Filing of the Prospectus with RoC

Our Company shall file a copy of the Prospectus with the Registrar of Companies, in compliance with Section 26 of the Companies Act, 2013.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder, to the extent of all outstanding dues, if any by the NCD holder to our Company.

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

Listing

The NCDs offered through this Prospectus / Prospectus are proposed to be listed on BSE. Our company has obtained an **'in-principle' approval for the Issue from BSE *vide* its letter bearing reference no _____________ dated______. For the purpose of the Issue, BSE shall be the Designated Stock Exchange.**

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange is taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Option(s) of NCDs shall not be listed.

Loan against NCDs

As per the RBI Circular dated June 27, 2013, our Company is not permitted to extend loans against the security of its debentures issued on private placement or public issue basis. However, if the RBI subsequently permits extension of loans by NBFCs against the security of its debentures issued by way of private placement or public issues, the Company may consider granting loans against the security of such NCDs, subject to the terms and conditions as may be decided by the Company at the relevant time, in compliance with applicable law.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy back of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may, from time to time, invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may, from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view to strengthen the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The above right includes the right to reissue original NCDs.

Appointment of Nominee Director or Observer by the Debenture Trustee

As per the terms and conditions of the Debenture Trust Deed executed or to be executed between Our Company and Debenture Trustee, our Company agrees that:

(a) the Debenture Trustee shall have the right to appoint and remove (at their discretion), from time to time, a Nominee Director on the Board, under Debenture Trust Deeds. The power of the Debenture Trustee to appoint Nominee Director shall also include the power to appoint (and remove) an observer ("**Observer**") in place of such Nominee Director.

(b) The Nominee Director/ Observer shall not be required to hold qualification shares and not be liable to retire by rotation.

(c) The Nominee Director shall be entitled to all the rights and privileges of other non-executive directors and the sitting fees, expenses as payable to other directors on the Board and any other fees, commission, monies or remuneration in any form payable to the non-executive directors, which shall be to the account of the Company.

(d) The expenditure incurred in connection with the appointment or directorship (including the cost of attending any meetings) of the Nominee Director/ Observer shall be borne by the Company.

(e) If so desired by the Debenture Holders, the Nominee Director shall also be appointed as a member of any committee of the Board.

(f) The Nominee Director/ Observer(s) shall be entitled to receive all notices, agenda, etc. and to attend all general meetings of the shareholders of the Company, board meetings and meetings of any committees of the Board of the Company.

(g) If, at any time, a Nominee Director/ Observer is not able to attend a meeting of the Board, or any committee/ sub-committee, if any, of which he is a member, the Debenture Trustee may depute an observer to attend the meeting. The expenses incurred in this connection shall be reimbursed by the Company.

(h) The Nominee Director or the Observer, as the case may be, may furnish to the Debenture Trustee a report of the proceedings of all such meetings.

(i) The appointment / removal of the Nominee Director/ Observer shall be by a notice in writing by the Debenture Trustee addressed to the Company and shall (unless otherwise indicated by the Lenders) take effect forthwith upon such a notice being delivered to the Company.

(j) If the constitutional documents of the Company do not make provision for the appointment of the Nominee Director / Observer, then the articles of association of the Company shall be amended accordingly.

(k) The Nominee Director or the Observer, as the case may be, shall have the right to provide information regarding the Company that is in the Nominee Director's or Observers' discretion, relevant for the purposes of Debenture Trust Deeds.

(l) The Company agrees that the Nominee Director or the Observer shall not be liable for any act or omission of the Company.

(m) The Company hereby agrees to hold the Nominee Director or the Observer harmless and to indemnify the Nominee Director or the Observer from and against any and all expenses, liabilities and losses incurred or suffered by the Nominee Director or the Observer, in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, asserted against, imposed upon, or incurred or suffered by the Nominee Director, the Observer (including attorney's fees and expenses), directly or indirectly, resulting from, based upon, arising out of or relating to the appointment of the Nominee Director or Observer. The indemnification as provided by this provision or any law for the time being in force, shall not be deemed exclusive of any other rights to which the Nominee Director, the Observer may be entitled under any provision of law, or any other agreement, or otherwise.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, it may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, it will be replaced as above only if the certificate numbers and the distinctive numbers are legible.

Future Borrowings

We will be entitled to borrow/raise loans or avail financial assistance in whatever form as also to issue debentures/ NCDs / other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/ regulatory/ contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection.

However, until the payment of the outstanding amounts/ secured obligations for Secured NCDs, the Company shall not create any charge on the assets without obtaining prior approval of the Debenture Trustee. Provided that, at the time of raising such further loans, advances or such other facilities from Banks, Financial Institutions and/or any other person(s) on the Security, the Company shall maintain the required security cover as prescribed in this Prospectus. In the event of such request by the Company, the Debenture Trustee shall accord its approval for creation of further charges provided that the Company furnishes a certificate from a chartered accountant stating that after creation of such further charges, the required security cover will be maintained.

INFORMATION COVENANTS TO BE FURNISHED BY OUR COMPANY TO THE DEBENTURE TRUSTEE

As per the terms and conditions of the Debenture Trust Deed executed or to be executed between Our Company and Debenture Trustee, Our Company agrees that:

1. The Company shall at the end of every calendar quarter within 45 days of the respective quarter or within 7 days of the relevant Board meeting whichever is earlier, submit to the Debenture Trustee a report confirming / certificate confirming the following:

   a) Updated list of names and addresses of all the Debenture Holder(s) and the number of Debentures held by the Debenture Holder (s)/Beneficial Owner(s);

   b) Details of interest due but unpaid, if any, and reasons for the same;

   c) Details of payment of interest made on the Debentures in the immediately preceding calendar quarter;

   d) The number of grievances pending at the beginning of the quarter, the number and nature of grievances received from the Debenture Holder(s) during the quarter, resolved/disposed of by the Company in the quarter and those remaining unresolved by the Company and the reasons for the same; and

   e) Statement that the Security is sufficient to discharge the claims of the Debenture Holder(s) as and when they become due.

   The Company shall also submit a certificate from a statutory auditor for every second fiscal quarter and fourth fiscal quarter certifying the value of book debts/receivables and maintenance of the Security Coverage Ratio, as per the terms of Information Memorandum and this Deed including compliance with the covenants of the Information Memorandum and any other covenants in respect of listed non-convertible debt securities in the manner as may be specified by SEBI from time to time.

2. The Company shall promptly submit to the Debenture Trustee any information, as required by the Debenture Trustee including but not limited to the following:

   a) at the end of each year from the Deemed Date of Allotment, a certificate from the statutory auditors of the Company with respect to the use of the proceeds raised through the issue of Debentures. Such certificate shall be provided at the end of each year until the funds are fully utilized;

   b) by not later than 30 (thirty) days from the Deemed Date of Allotment or within such timelines as prescribed under Applicable Law, a certificate signed by an authorised officer of the Company confirming credit of dematerialized Debentures into the depository accounts of the Debenture Holder(s) within the timelines prescribed under the Applicable Laws:

   c) at the end of every year from the Deemed Date of Allotment, a certificate from a practicing chartered accountant/registered valuer confirming the value of the Secured Assets and a half-yearly certificate along with half yearly results from the statutory auditor regarding maintenance of hundred per cent asset cover or asset cover as per the terms of (Disclosure Document/Prospectus/ Offer Letter) and/or this Deed, including compliance with all the covenants, in respect of listed non-convertible debt securities, by the statutory auditor, along with the half-yearly financial results:

   d) upon there being any change in the credit rating assigned to the Debentures, as soon as reasonably practicable thereafter, a letter notifying the Trustee of such change in the credit rating of the Debentures, and further also inform the Debenture Trustee promptly in case there is any default in timely payment of interest or Redemption amount or both, or there is a failure to create charge on the Secured Assets, or there is a breach of any covenants, terms or conditions by the Company in relation to the Debentures under any Transaction Documents;

   e) a copy of all notices, resolutions and circulars relating to:
      (i) new issue of non-convertible debt securities at the same time as they are sent to shareholders/ holders of non-convertible debt securities;
      (ii) the meetings of holders of non-convertible debt securities at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings;
      (iii) the time of requesting the Trustee for ceding *pari passu* charge over the Secured Assets in favour of the lenders from whom the Company avails borrowings, a certificate from an authorised officer of the Company, with necessary supporting documents, if required, confirming the following:
         i) that the security / fixed assets cover stipulated hereunder will continue to be maintained even after sharing of the charge over the Secured Assets; and
         ii) that no Event of Default has occurred or is continuing in terms of the Transaction Documents.
         iii) Intimation to the Debenture Trustee (along with the stock exchange), if any, of the following proposals being placed before the Board, at least 11 (eleven) Business Days in advance:
            i) any alteration in the form or nature or rights or privileges of the Debentures;
            ii) any alteration in the due dates on which interest on the Debentures or the Redemption amount is payable; and / or
            iii) any other matter affecting the rights and interests of the Debenture Holder(s) is proposed to be considered.

3. The Company shall promptly inform the Debenture Trustee of any disclosures made to the stock exchange in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and which may have a bearing on the Debenture issue:

4. The Company shall promptly inform the stock exchange(s) and the Debenture Trustee all information having bearing on the performance/operation of the Company, any price sensitive information or any action that may affect the payment of interest or Redemption of the Debentures in terms of Regulation 51(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

5. The Company shall give prior intimation to the stock exchange(s) with a copy to the Debenture Trustee at least eleven Business Days before the date on and from which the interest on Debentures, and the Redemption amount of Debentures becomes payable or within such timelines as prescribed under Applicable Law ;

6. The Company shall promptly inform the Debenture Trustee the status of payment (whether in part or full) of Debentures within 1 (one) working day of the payment / Redemption. While intimating the Debenture Trustee, the Company shall also confirm whether they have informed the status of payment or otherwise to the stock exchange(s) and Depository;

7. Promptly within 2 (two) days of the interest or principal or both becoming due, the Company shall submit a certificate to the stock exchange(s) along with the Debenture Trustee, that it has made timely payment of interests or principal obligations or both in respect of the Debentures and also upload the information on its website.

8. If default in payment of Debentures is continuing, the Company shall inform the Debenture Trustee the updated status of payment latest by the 2nd working day of April of each financial year, along with the intimation on the updated status of payment to the stock exchange(s) and the Depository. Further, the Company shall also intimate the development, if any, that impacts the status of default of the Debentures (including restructuring, insolvency proceedings, repayment, etc.) to the stock exchange(s), Depository and Debenture Trustee within 1 (one) working day of such development. The aforementioned intimations shall be submitted until the Secured Obligations are fully discharged or satisfied. The Company shall provide an undertaking to the Stock Exchange(s) on annual basis that all documents and intimations required to be submitted to Debenture Trustees in terms of Trust Deed and SEBI (Issue and listing of Non – Convertible Debt Securities) Regulations have been complied with and furnish a copy of such undertaking to the Debenture Trustee for records.

9. The Company shall promptly inform the Debenture Trustee the following details (if any):

a) corporate debt restructuring,
b) fraud/defaults by promoter or key managerial personnel or by Company or arrest of key managerial personnel or promoter; and / or
c) reference to National Company Law Tribunal or insolvency petitions (if any) filed by any creditor of the Company.

10. The Company shall submit to the stock exchange for dissemination, along with the Quarterly /annual financial results, the following information and submit the financials to trustee on same day;
    a) Credit rating of the Debentures or change in credit rating;
    b) Nature, extent of the Security and security cover available for the Debentures;
    c) Debt-equity ratio;
    d) Previous due date for the payment of interest/principal and whether the same has been paid or not;
    e) Next due date for the payment of interest/principal;
    f) Debt service coverage ratio;
    g) Interest service coverage ratio;
    h) Net worth;
    i) Net profit after tax;
    j) Earnings per share;
    k) A statement indicating material deviations, if any in utilisation of the proceeds of the Debentures.

11. The Company shall notify the Trustee of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence;

12. The Company shall furnish to the Trustee details of all grievances received from the Debenture Holder(s)/ Beneficial Owner(s) and the steps taken by the Company to redress the same. At the request of any Debenture Holder(s)/ Beneficial Owner(s), the Trustee shall, by notice to the Company call upon the Company to take appropriate steps to redress such grievance and shall, if necessary, at the request of any Debenture Holder(s)/ Beneficial Owner(s) representing not less than one-tenth in value of the nominal amount of the Debentures for the time being outstanding, call a meeting of the Debenture Holder(s).

13. To provide relevant documents/ information, as applicable, to enable the Debenture Trustee(s) to conduct continuous and periodic due diligence and monitoring of Security created, the Company shall submit the following reports/ certification within the timelines mentioned below:

<table>
<tr><th>Reports/Certificates</th><th>Timelines for submission requirements by Company to Debenture Trustee</th><th>Timeline for submission of reports/ certifications by Debenture Trustee to stock exchange</th></tr>
<tr><td>Asset cover certificate</td><td rowspan="3">Quarterly basis within 30 days from end of each quarter or within such timelines as prescribed under Applicable Law</td><td rowspan="3">Quarterly basis within 60 days from end of each quarter or within such timelines as prescribed under Applicable Law</td></tr>
<tr><td>A statement of value of pledged securities</td></tr>
<tr><td>A statement of value for Debt Service Reserve Account or any other form of security offered</td></tr>
<tr><td>Net worth certificate of guarantor (secured by way of personal guarantee)</td><td>Half yearly basis within 30 days from end of each half-year or within such timelines as prescribed under Applicable Law</td><td>Half yearly basis within 60 days from end of each half-year or within such timelines as prescribed under Applicable Law.</td></tr>
<tr><td>Financials/value of guarantor prepared on the basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)</td><td rowspan="2">Annual basis within 45 days from end of each financial year or within such timelines as prescribed under Applicable Law.</td><td rowspan="2">Annual basis within 75 days from end of each financial year or within such timelines as prescribed under Applicable Law.</td></tr>
<tr><td>Valuation report and title search report for the immovable/movable assets, as applicable</td></tr>
</table>

14. The Company shall promptly inform the Trustee of any major or significant change in composition of its Board, which may amount to change in control as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

15. The Company shall inform the Debenture Trustee, of any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed by the Company,

16. The Company shall promptly supply certified copies to the Trustee of any authorisation required under any law or regulation to enable it to perform its obligations under the Transaction Documents (including, without limitation, in connection with any payment to be made hereunder) and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of the Transaction Documents.

17. The Company shall supply to the Debenture Trustee a copy of annual report at the same time as it is issued along with a copy of certificate from the Company's statutory auditor in respect of utilisation of funds, at the end of each year from the Deemed Date of Allotment, till the time such funds are fully utilized. In case the Debentures are issued for financing working capital or general corporate purposes or for capital raising purposes, copy of the auditor’s certificate may be submitted at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved.

18. The Company shall supply to the Trustee (sufficient copies for all Debenture Holder(s) if the Trustee so requests) quarterly financial results within forty five (45) days of the end of each quarter, half yearly financial results within forty five (45) days from the end of the each half year, and the audited financial statements for a financial year (including statutory auditors report, directors’ annual report, statement of profit and loss and a balance sheet) by not later than 60 (sixty) days from the end of the relevant financial year,

19. In case of initiation of forensic audit (by whatever name called) in respect of the Company, the Company shall provide following information and make requisite disclosures to the stock exchanges:

(i) the fact of initiation of forensic audit along with the name of entity initiating the audit and reasons for the same, if available; and

(ii) final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.

20. The Company shall promptly provide or inform the Debenture Trustee the details of all orders, directions, and notices, of any Court/Tribunal affecting or likely to affect the Secured Assets.

21. The Company shall submit to the Debenture Trustee/stock exchange and the Debenture Holder(s) correct and adequate information (in the manner and format as requested by them or as required by Applicable Law) and within the timelines and procedures specified in the SEBI Regulations, Act, circulars, directives and/or any other Applicable Law.

22. The Company shall furnish the following to the Debenture Trustee:

(a) its duly audited annual financial statements, within 180 (One Hundred and Eighty) days from the close of its accounting year;

(b) copy of the un-audited or audited financial results on a half yearly basis on the same day the information is submitted to stock exchanges i.e. within 45 (Forty-Five) days from the end of the half year or within such timelines as prescribed under Applicable Law;

(c) a one-time certificate from the statutory auditor of the Company with respect to the use of the proceeds raised through the issue of Debentures as and when such proceeds have been completely deployed towards the proposed end-uses;

(d) such information in relation to the Secured Assets that the Debenture Trustee may reasonably request (in a format which shall be provided by the Debenture Trustee from time to time) for the purpose of quarterly diligence by the Debenture Trustee to monitor the Security Coverage Ratio and shall also submit to the Debenture Trustee a certificate from the director/ managing director of the Company on half-yearly basis, certifying the value of the identified receivables as agreed in the Transaction Documents,

(e) all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI Circular dated November 3, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218; and necessary reports / certificates to the stock exchanges / SEBI and make the necessary disclosures on its website, in terms of the SEBI Circular dated November 12, 2020 and bearing number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230.

23. The Company shall:

a) supply to the Trustee (with sufficient copies for all Debenture Holder(s) if the Trustee so requests) all documents despatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are despatched;
b) promptly upon becoming aware, supply to the Trustee (and sufficient copies for all Debenture Holder(s) if the Trustee so requests), the details of any event which may have a Material Adverse Effect;
c) promptly upon becoming aware, supply to the Trustee (and sufficient copies for all Debenture Holder(s) if the Trustee so requests), the details of the existence of any event or condition or claim which permits, or with the passage of time, will permit, the Company to abandon the business;
d) at the end of every financial year, supply to the Trustee (and sufficient copies for all Debenture Holder(s) if the Trustee so requests), a certificate from a statutory auditor confirming the due maintenance of a Debenture Redemption Reserve, if applicable, as per the provisions of Applicable Law;
e) promptly, supply to the Trustee (and sufficient copies for all Debenture Holder(s) if the Trustee so requests), notice of any change in its authorised signatories (in connection with the Transaction Documents), signed by one of its directors or its company secretary, whose specimen signature has previously been provided to the Trustee, accompanied (where relevant) by a specimen signature of each new signatory;
f) forthwith give, notice in writing to the Trustee of commencement of any proceedings directly affecting the Secured Assets.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (the "SEBI Operational Circular"), which provides, inter-alia, that for all public issues of debt securities opening, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct On-line Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct On-line Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants.

Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs for the full Application Amount. Applicants should note that they may submit their Applications to the Lead Managers or Members of the Syndicate or Registered Brokers at the Broker Centres or CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form.

*In addition, specific attention is invited to SEBI Operational Circular, whereby retail individual investor may use the Unified Payment Interface **("UPI")** to participate in the public issue for an amount not exceeding ₹ 2,00,000 being conducted on or after January 1, 2021. ASBA Applicants should note that they may submit their ASBA Applications to the Designated Intermediaries.*

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Retail individual investors should note that they may use the UPI mechanism to block funds for application value upto ₹ 2,00,000 submitted through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer Agent and Depository Participants).

Please note that this section has been prepared based on the SEBI Operational Circular and other related circulars. The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular. The Direct On-line Application facility will be available for this Issue as per mechanism provided in the SEBI Operational Circular.

Specific attention is drawn to the SEBI Operational Circular that provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE STOCK EXCHANGES AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGES. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, CONSORTIUM MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGES SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGES.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

*For purposes of this Issue, the term "**Working Day**" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Coimbatore, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as specified by the board.*

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Draft Prospectus, Prospectus, Abridged Prospectus and Application Forms

The Draft Prospectus, Prospectus, Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) CRTA at the Designated RTA Locations;
(d) CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs. Electronic Application Forms will be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A Unique Application Number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange.

Our Company will also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having on-line demat account portals will also provide a facility of submitting the Application Forms virtually on-line to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application up to ₹ 2 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I (Institutional)	Persons eligible to apply to the Issue which include: • Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI; • Insurance companies registered with the IRDAI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);

	• Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, Union of India; • Mutual funds registered with SEBI; and • Systemically Important NBFCs registered with the RBI and having net worth of more than ₹50,000 lakh as per the latest audited financial statements.
Category II (Non- Institutional)	Persons eligible to apply to the Issue which include: • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorised to invest in the NCDs; • Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Association of Persons; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
Category III (High Net worth Individuals)	• Resident Indian individuals applying for an amount aggregating to a value exceeding ₹ 10 lakhs and Hindu Undivided Families applying through the Karta for an amount aggregating to a value exceeding ₹10 lakhs. (HNIs)
Category IV (Resident Indian Individuals)	• Resident Indian individuals applying for an amount aggregating to a value not exceeding ₹ 10 lakhs and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹2,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism and • Hindu Undivided Families applying through the Karta applying for an amount aggregating to a value not exceeding ₹10 lakhs.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded on to the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the above categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name (A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian. ***Such Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872***);
(b) Foreign nationals, NRIs, *inter alia*, including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Portfolio Investors;
(e) Foreign Venture Capital Investors;

(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies; and
(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded on to the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please refer **"*Rejection of Applications*"** on page 203 for information on rejection of Applications.

HOW TO APPLY?

Availability of Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for all Applicants

Copies of the abridged Prospectus containing the salient features of the Prospectus, together with Application Forms and copies of the Draft Prospectus, Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar, the Consortium Members and the Designated Branches of the SCSBs. Additionally, the Draft Prospectus, the Prospectus and the Application Forms will be available:

(i) For download on the website of BSE at www.bseindia.com, and the website of the Lead Managers at www.dalmiasec.com

(ii) At the designated branches of the SCSB and the Designated Intermediaries at the Syndicate ASBA Application Locations.

Electronic Application Forms will also be available on the website of the Stock Exchange. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A unique application number will be generated for every Application Form downloaded from the website of the Stock Exchange.

Electronic Application Forms may be available for download on the websites of the Stock Exchanges and on the websites of the SCSBs that permit submission of Application electronically. A Unique Application Number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchanges.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having on-line demat account portals may also provide a facility of submitting the Application Forms virtually on-line to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

METHOD OF APPLICATION

In terms of the SEBI Operational Circular, an eligible Investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the SEBI Operational Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an on-line interface enabling direct application by investors to a public issue of debt securities with an on-line payment facility ("**Direct On-line Application Mechanism**"). In this regard, SEBI has, through SEBI Operational Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation and the Direct On-line Application Mechanism infrastructure for the implementation of the SEBI Operational Circular and the Direct On-line Application Mechanism. Further, SEBI has, by the SEBI Operational Circular, directed the stock exchanges in India to formulate and disclose the operational procedure for making an application through the app/web-based interface developed by them in order for investors to apply in public issue on their websites.

All Applicants shall mandatorily apply in this Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled in Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a retail individual investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any escrow bank.

Applicants should submit the Application Form only at the bidding centres, i.e. to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the CRTAs at the Designated CRTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at **http://www.sebi.gov.in.**

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the on-line platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

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

In terms of the SEBI Operational Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank ("SCSB") or intermediaries** *(viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer Agent and Depository Participants)*

a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange(s) bidding platform (or bidding platform of any other stock exchange including National Stock Exchange of India Limited) and blocking of funds in investors account by the SCSB would continue.

b. The Stock Exchanges have extended their web-based platforms i.e 'BSEDirect' and 'NSE goBID' to facilitate investors to apply in public issues of debt securities through the web-based platform and mobile app with a facility to block funds through Unified Payments Interface ("UPI") mechanism for application value upto ₹ 2 Lakh. To place bid through "BSEDirect" and "NSE goBID" platform/mobile app the eligible investor is required to register himself/ herself with BSEDirect/ NSE goBID.

c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: **https://www.bsedirect.com;** and NSE**: https://www.nseindiaipo.com.**

2. **Through Stock Exchanges**

a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange(s) (or any other permitted methods), as may be availed by the Company, wherein the bid is automatically uploaded onto the Stock Exchange(s) bidding platform and the amount is blocked using the UPI Mechanism.

b. The Stock Exchanges have extended their web-based platforms i.e. 'BSEDirect' and ' NSE goBID' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 2 lac. To place bid through 'BSEDirecct' and 'NSE goBID' platform/ mobile app the eligible investor is required to register himself/ herself with BSEDirect/ NSE goBID.

c. An investor may use the following links to access the web-based interface developed by the Stock Exchanges to bid using the UPI Mechanism: BSE: https://www.bsedirect.com; and NSE: https://www.nseindiaipo.com.

d. The BSEDirect and NSE goBID mobile application can be downloaded from play store in android phones. Kindly search for 'BSEDirect' or 'NSE goBID' on Google Playstore for downloading mobile applications.

e. To further clarify the submission of bids through the App or web interface, the BSE has issued operational guidelines and circulars dated December 28, 2020 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

Similar circulars by NSE can be found here:

- https://www1.nseindia.com/content/circulars/IPO46907.zip
- https://www1.nseindia.com/content/circulars/IPO46867.zip

Additionally, certain SEBI registered UPI handles which can be accessed at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, may also be used for making an Application through the UPI Mechanism.

Application process through physical Application Form

Applicants opting for the physical mode of Application process, should submit the Application Form (including for Applications under the UPI Mechanism) only at the Collection Centres, i.e., to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the registered broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available on SEBI's website for Applications under the UPI Mechanism at **https://www.sebi.gov.in.**

The relevant Designated Intermediaries, upon receipt of Application Forms from ASBA Applicants (including for Applications under the UPI Mechanism), shall upload the details of these Application Forms to the on-line platform of the Stock Exchange and submit the Application Forms (except Application Forms submitted by UPI Investors under the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB, with the SCSB and can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

For Applicants submitting the physical application Form who wish to block the funds in their respective UPI linked bank account through the UPI Mechanism, post uploading of the details of the Application Forms into the on-line platform of the Stock Exchange, the Stock Exchange shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such UPI Investors for blocking of funds.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

APPLICATION PROCESS THROUGH APP/WEB BASED INTERFACE OF THE STOCK EXCHANGE
BSEDIRECT

SEBI has, by the SEBI Operational Circular, introduced an additional mode for application in the Issue through on-line (app / web) interface/platform of the Stock Exchange. In furtherance to it, the Stock Exchange has extended the facility of '**BSEDirect**', which is a web based and a mobile app based platform for making an Application in the Issue where the funds can be blocked through the UPI Mechanism. BSEDirect platform can be accessed at **https://www.bsedirect.com** and can be accessed through the mobile app available (for android phone users only) on the Google Play Store.
Please note that Applications in the Issue, through the 'BSEDirect' platform, can only be made by UPI Investors, i.e., Applicants who make an Application in the Issue for an amount upto ₹ 2 lakhs only.

BSE Limited, the Designated Stock Exchange, has, vide notification dated December 28, 2020, notified the detailed operational procedure for making an Application, under the UPI Mechanism, using BSEDirect. The detailed operational instructions and guidelines issued by the Stock Exchange can be accessed on the Stock Exchange's website at **www.bseindia.com.**

Operational Instructions and Guidelines

Certain relevant operational instructions and guidelines, for using BSEDirect to make an Application in the Issue, are listed below:

a. **General Instructions:**

i. Applicants are required to preregister themselves with BSEDirect. For the detailed process of registration and Applications under the BSEDirect Platform, refer **"*Process of Registration and Application on BSEDirect Platform*"** on page 186.
ii. Applicants can access BSEDirect platform via internet at **https://www.bsedirect.com** or through the mobile app (on android phones only) called BSEDirect which can be downloaded from the Google Play Store.
iii. The Stock Exchange shall make this Prospectus and Issue related details available on its website under the 'Forthcoming Issues' a day prior to the Issue Opening Date and the details of the Issue shall also be made available on the issue page of BSEDirect.
iv. The BSEDirect platform, offers a facility of making a direct application through the web based platform or the mobile app with a facility to block funds upto ₹ 2 lakhs through the UPI Mechanism.
v. The mode of allotment for Applications made through the BSEDirect platform, shall mandatorily be in dematerialised form only.

b. **Order Entry Parameters**

Pursuant to the SEBI Operational Circular and other relevant SEBI Circulars, the following operating parameters shall be made available for making an Application in the Debt IPO Segment. Applicants are requested to note the following general instructions:

i. The Issue symbol will remain same across all options;
ii. Applicants can enter order for a single Application having different options within one order entry screen.
iii. Before submission of the Application, the Applicant should have created an UPI ID with a maximum length of 45 characters including the handle (example: investorId@bankname)

Applicants can only submit an Application with the UPI Mechanism as the payment mode. The Applications which are successfully accepted will be allotted a bid id or order no.

c. **Modification and cancellation of orders**

i. An Applicant shall not be allowed to add or modify the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. The Applicant can withdraw the bid(s) submitted under a single Application and reapply.
iii. The part cancellation of bid in a single Application will not be permitted.

For details of the process post the Application details being entered into the bidding platform of the Stock Exchange, refer **"*Submission of Applications - For Applications under the UPI Mechanism*"** on page 191.

d. **Re-initiation of Bids**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation.
ii. The facility of re-initiation/resending the UPI Mandate shall be available only till 5 p.m. on the day of bidding.
iii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

e. **Acceptance of the UPI Mandate**

i. An Applicant will be required to accept the UPI Mandate by 5:00 p.m. on the third Working Day from the day of bidding on the Stock Exchange platform except for the last day of the Issue Period or any other modified closure date of the Issue Period in which case, they shall be required to accept the UPI Mandate by 5:00 p.m. of the next Working Day. As the Company reserves the right to close the issue prior to the Issue Closing Date, hence it is advisable that the Applicants should accept the UPI mandate by 5:00 p.m. on the Working Day subsequent to date of submission of the Application on BSEDirect.
ii. The transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.
iii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.
iv. Applicants are required to check the status of their Applications with regard to the UPI Mandate acceptance and blocking of funds in the UPI Report for completion of the transaction.
v. Please note that the display of status of acceptance of the UPI Mandate/fund blocking shall be solely based on the data received from the Sponsor Bank.

f. **Order book and T+1 Modification**

i. The order book will be available in the Debt module of the Stock Exchange in real time basis.
ii. An Applicant shall be allowed to modify selected fields such as their DP ID/Client ID or PAN (Either DP ID/Client ID or PAN can be modified but not both) on T+1 day for a validated bid.

g. **Applicant's responsibilities**

i. Applicants shall check the Issue details before making an Application.
ii. Applicants shall only be able to make an Application for an amount up to ₹2 lakhs.
iii. Applicants must check and understand the UPI Mandate acceptance and the fund blocking process before making an Application.
iv. The receipt of SMS for UPI Mandate acceptance depends upon the system response/ integration of UPI on the Debt Public Issue System.
v. Applicants must check their respective mobiles for an SMS or the mobile app, associated with the UPI ID linked bank account, for receipt of the UPI Mandate.
vi. Applicants must accept the UPI Mandate request within stipulated timelines.
vii. Applicants must note that the transaction will be treated completed only after the UPI Mandate is accepted by the Applicant and the transaction is authorised by entering of their respective UPI PIN and successful blocking of fund through ASBA process by the Applicant's bank.
viii. If the Applicant fails to accept the mandate within stipulated timelines, their Application will not be considered for allocation.
ix. Applicants are required to check the status of their Applications with regard to the UPI Mandate acceptance and blocking of funds in the UPI Report for completion of the transaction.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons.

Process of Registration and Application on BSEDirect Platform/Mobile App

a. **Process of Registration for Investor**

i. To make an application on the BSEDirect platform/ mobile app, an applicant is required to register themselves with the platform/ mobile app.
ii. At the time of registration, the Applicant shall be required to select the option of "New Registration Without Broker" and enter their respective PAN along with details of their demat account (i.e., DP ID and Client ID) and UPI ID.
iii. The Stock Exchange shall verify the PAN and demat account details entered by the Applicant with the Depository, within one Working Day.
iv. The Applicant shall be required to accept the terms and conditions and also enter the correct 'One Time Password' ("**OTP**") sent on their respective mobile phones and email IDs to complete the registration process.
v. Upon the successful OTP confirmation, the Applicant's registration request shall be accepted and a reference number shall be provided to them for checking their registration status.
vi. At the time of demat account verification, the Stock Exchange shall also validate Applicant's client type (investor category) present in demat account.
vii. An Applicant's registration shall be rejected if an incorrect investor category and/or demat account details have been entered.
viii. Post the verification of the demat account, the Stock Exchange shall activate the Applicant's profile for making an Application and also provide a user ID (which is PAN) and password for login on to the BSEDirect platform.
ix. An Applicant shall be able to view their respective details including their demat account, by accessing the tab 'My Profile'.
x. To modify their details, an Applicant must login to the BSEDirect portal and click on 'My profile'.
xi. The Stock Exchange shall revalidate the modified details with Depository.
xii. No modification request shall be accepted during the Issue Period if the Applicant has made an Application in the Issue.
xiii. To re-generate a new password, the Applicant can use the 'Forget Password' option.
xiv. Existing investors who are already registered for "GSec AND T-Bills investment", can also use the facility for applying in the Issue by using the UPI Mechanism for blocking of funds for Applications with a value upto ₹ 2 lakhs.

b. **Process to place Bid via BSEDirect platform/ mobile app**

i. The Issue, during the Issue Period, shall be opened for subscription and will be available for making an Application through the BSEDirect platform/ mobile app.
ii. Upon successful login, an Applicant can select the Issue to make an Application.
iii. The details of PAN and DP ID and Client ID will be populated based on the registration done by the Applicant.
iii. Before submission of the Application, an Applicant would be required to create a UPI ID with a maximum length of 45 characters including the handle (Example: investorId@bankname)
iv. An Applicant shall be required to enter a valid UPI ID, in the UPI ID field.
v. An Applicant must select the series/option along with number of NCDs being applied for in the Issue.
vi. Applicants must check the Issue details before making an Application.
vii. Applicant will only be able to make an Application for an amount of up to ₹2 lakhs.
viii. Applicants shall only have UPI as a payment mechanism with ASBA.
ix. Applicants must check and understand the UPI Mandate acceptance and blocking of fund process before making an Application.

For details of the blocking process post the Application details being entered into the bidding platform of the Stock Exchange, refer **"*Submission of Applications - For Applications under the UPI Mechanism*"** on page 191.

c. **SMS from the Exchange**

i. Post completion of the blocking process, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application at the end of day, during the Issue Period and for the last day of the Issue Period, the SMS shall be sent the next Working Day.

d. **Modification and Cancellation of Orders**

i. An Applicant shall not be allowed to add or modify the bid(s) of the Application except for modification of either DP ID/Client ID, or PAN but not both.
ii. An Applicant can withdraw the bid(s) submitted under a single Application and reapply. However, part cancellation of bid in a single Application is not permitted.

e. **Re-initiation of Bid**

i. If the Applicant has not received the UPI Mandate vide an SMS or on the mobile app, associated with the UPI ID linked bank account, they will have the option to re-initiate the bid which is pending for confirmation, after the lapse of reasonable time.
ii. The Designated Intermediaries shall be permitted to use the re-initiation of Application option only once.

For details of the process of the UPI Mandate acceptance, refer "***Operational Instructions and Guidelines - Acceptance of the UPI Mandate***" on page 185.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager, the Registrar to the Issue or the Stock Exchange shall not be liable or responsible in the event an Applicant fails to receive the UPI Mandate acceptance request on their mobile or they fail to accept the UPI Mandate within the stipulated time period or due to any technical/other reasons. Since the process of making an Application through BSEDirect is based on notification issued by the Stock Exchange, Applicants are requested to check the website of the Stock Exchange for any further notifications by the Stock Exchange amending, supplementing, updating or revising the process of Applications through BSEDirect.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI Operational Circular, mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme.

Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme. Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the scheme concerned for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (a) its SEBI registration certificates (b) the trust deed in respect of such mutual fund (c) a resolution authorising investment and containing operating instructions and (d) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees, as per the last audited financial statements, can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s).

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (a) the certificate of registration issued by RBI, and (b) the approval of such banking company's investment committee is required to be attached to the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Pursuant to SEBI Operational Circular, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (a) SEBI registration certificate and (b) a resolution authorizing investment and containing operating instructions and (c) Specimen signature of authorized persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Applications by Association of Persons and/or bodies established pursuant to or registered under any Central or State statutory enactment

In case of Applications made by 'Association of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (a) certified copy of the certificate of registration or proof of constitution, as applicable, (b) power of attorney, if any, in favour of one or more persons thereof, (c) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (a) certified copy of the registered instrument for creation of such trust, (b) power of attorney, if any, in favour of one or more trustees thereof, (c) such other documents evidencing registration thereof under applicable statutory/regulatory requirements.

Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (a) any act/ rules under which they are incorporated; (b) board resolution authorising investments; and (c) specimen signature of authorised person.
Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (a) resolution authorising investment and containing operating instructions; and (b) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Applications by Companies, bodies corporate and societies registered under the applicable laws in India
The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorised person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorising investment and containing operating instructions; (iv) Specimen signature of authorised person

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reasons therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons therefor.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having on-line demat account portals may also provide a facility of submitting the Application Forms on-line to their account holders. Under this facility, a broker receives an on-line instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs IN DEMATERIALISED FORM

Submission of Applications

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account (and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism).

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI **(https://www.sebi.gov.in)** and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, refer the website of the SEBI **(https://www.sebi.gov.in)** as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at **www.bseindia.com.** The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI **(www.sebi.gov.in)** and updated from time to time.

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the ASBA Applications.

In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above ASBA Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at **https://www.sebi.gov.in**).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 2 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSEDirect, wherein the Application will automatically be uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counterfoil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at **https://www.sebi.gov.in**). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. **If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected**. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

Once the Application details have been entered in the bidding platform through Designated Intermediaries or BSEDirect, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, it shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded.

For further information on the Issue programme, please refer "***General Information – Issue Programme***" on page 44. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, it is liable to be rejected.

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;
- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details.
- Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such **Applications contain the PAN of the HUF and not of the Karta**;
- Applicants applying for allotment in Dematerialised form must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;
- Applications must be for a minimum of 10 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 NCDs, an Applicant may choose to apply for 10 NCDs of the same option or across different option;
- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the Eighth Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;
- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;
- Every Applicant should hold valid Permanent Account Number and mention the same in the Application Form;
- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and
- All Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and

also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM

Applicants applying for allotment in dematerialised form must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for allotment in dematerialised form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form for allotment in dematerialised form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards dematerialised credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dematerialised credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered.

Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants.

Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable), then such Application are liable to be rejected.

C. Unified Payments Interface (UPI)

Pursuant to the SEBI Operational Circular, the UPI Mechanism has become applicable for public debt issues being conducted on or after January 1, 2021 as a payment mechanism (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

D. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the Courts in terms of a SEBI Circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI Circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction.

Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the Courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

Process for investor application submitted with UPI as mode of payment

a. Before submission of the application with the intermediary, the investor would be required to have / create a UPI ID, with a maximum length of 45 characters including the handle (Example: InvestorID@bankname).

b. An investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the stock exchange App/ Web interface, or any other methods as may be permitted.

c. The intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the stock exchange bidding platform using appropriate protocols.

d. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

e. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to stock exchange which would be shared by stock exchange with intermediary through its platform, for corrections, if any.

f. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next working day.

g. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with Sponsor Bank appointed by the issuer.

h. The Sponsor Bank shall initiate a mandate request on the investor

i. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account

j. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the public issue bid details submitted by investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by sponsor bank would be a one-time mandate for each application in the public issue.

k. An investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.

l. An investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

m. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 modification session, such bids will be sent to Sponsor Bank for further processing by the Exchange on T+1 day till 1 PM.

n. The facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

o. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investor’s bank where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

p. The information containing status of block request (e.g. accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

q. The information received from Sponsor Bank, would be shared by stock exchange with RTA in the form of a file for the purpose of reconciliation.

r. Post closure of the offer, the Stock Exchange shall share the bid details with RTA. Further, the Stock Exchange shall also provide the RTA, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

s. The allotment of debt securities shall be done as SEBI Operational Circular.

t. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

u. Upon approval of the basis of allotment, the RTA shall share the ‘debit’ file with the Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investors’ account. The Sponsor bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit/ collect request from investors’ bank account, whereupon funds will be transferred from investor’s account to public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

v. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/ partial allotment. For Partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

w. Thereafter, Stock Exchange will issue the listing and trading approval.

x. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 the investor shall also be responsible for the following:

   i. Investor shall check the Issue details before placing desired bids;

   ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;
   iii. The receipt of the SMS for mandate acceptance is dependant upon the system response/ integration of UPI on Debt Public Issue System;

   iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;

   v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;

   vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and

   vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

y. Further, in accordance with circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 the investor shall also be responsible for the following:

   i. After successful registration & log-in, the investors shall view and check the active Debt IPO's available from IPO dashboard.

   ii. Investors shall check the issue/series details. Existing registered users of NSE goBID shall also be able to access once they accept the updated terms and condition.

   iii. After successfully bidding on the platform, investors shall check the NSE goBID app/psp/sms for receipt of mandate & take necessary action.

   iv. UPI mandate can be accepted latest by 5 pm on the third working day from the day of bidding on the stock exchange platform except for the last day of the issue period or any other modified closure date of the issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next working day.

   v. For UPI bid the facility of re-initiation/ resending the UPI mandate shall be available only till 5 pm on the day of bidding.

   vi. Investors can use the re-initiation/ resending facility only once in case of any issue in receipt/acceptance of mandate.

z. The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 and the circular issued by National Stock Exchange of India Limited for Introduction of Unified Payment Interface (UPI) for Debt IPO through NSE goBID on January 05, 2021 before investing through the through the app/ web interface of Stock Exchange(s).

Kindly note, the Stock Exchange(s) shall be responsible for addressing investor grievances arising from Applications submitted on-line through the app based/ web interface platform of Stock Exchanges or through their Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar.

E. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed for and on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

F. Additional / Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus.

Any Application for an amount below the above minimum Application size will be deemed as an invalid Application and shall be liable to be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 10 lakh shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant.

However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application.

For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the above purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations guidelines and approvals.
2. Read all the instructions carefully and complete the Application Form in the prescribed form.
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.
4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant himself or herself is not the ASBA account holder.
7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

8. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.
9. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.
10. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

11. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.
12. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.
13. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.
14. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
15. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
16. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, Options, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
17. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.
18. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer **"*General Information – Issue Programme*"** on page 44.
19. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and Officials appointed by the Courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the Courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
20. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
21. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.
22. Choose and mark the option of NCDs in the Application Form that you wish to apply for.
23. Ensure that the Demographic Details including PAN are updated, true and correct in all respects
24. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground
25. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.

26. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form and Tick the series of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Operational Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

SEBI Operational Circular stipulates the time between closure of the Issue and Listing at 6 (six) working days. In order to enable Compliance with the above timelines, investors are advised to use ASBA Facility only to make payment.

Don'ts

1. Do not apply for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.
3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.
4. Do not submit the Application Form to any non-SCSB bank or our Company.
5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.
6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.
9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI, Investors making an Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.
10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.
12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.
13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.
14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter alia including NRIs who are (a) based in the USA, and/or, (b) domiciled in the USA, and/or, (c) residents/citizens of the USA, and/or, (d) subject to any taxation laws of the USA).
16. Do not make an Application of the NCD on multiple copies taken of a single form.
17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.
18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.
19. Do not submit an Application Form using UPI ID, if the Application is for an amount more than ₹2,00,000.
20. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor.
21. Do not submit more than five Application Forms per ASBA Account.
22. Please also refer "***Operational Instructions and Guidelines - Applicant's Responsibilities***" on page 186.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please refer "- ***Rejection of Applications*"** on page 203 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded on to the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at **https://www.sebi.gov.in**).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., up to ₹2 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository.

The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹2 lakhs) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case may be) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.
For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 p.m. on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 p.m. of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of submission of Application Forms	**To whom the Application Form has to be submitted**
ASBA Applications	
(i) If using physical Application Form	(a) To the Designated Intermediaries at relevant Collection Centres, or (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained
(ii) If using electronic Application Form	To the SCSBs, electronically through internet banking facility, if available.

No separate receipts will be issued for the Application Amount payable on submission of Application Form.

However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange.

The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to (a) the Applications accepted by the SCSBs, (b) the Applications uploaded by the SCSBs, (c) the Applications accepted but not uploaded by the SCSBs, (d) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (e) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (f) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date.

On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis.

Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer **"*General Information – Issue Programme*" on page 44.**

(c) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank Code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category

- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank Code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement **(“TRS”)** will be given to the Applicant as a proof of the registration of each Application.

It is the Applicant’s responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be.

The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the on-line system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(h) **Only Applications that are uploaded on the on-line system of the Stock Exchange shall be considered for allocation/ Allotment**.

The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the on-line system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors or the NCD Issuance Committee reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case, without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
(b) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants’ ASBA Account maintained with an SCSB;
(c) Applications not being signed by the sole/joint Applicant(s);
(d) Investor Category in the Application Form not being ticked;

(e) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
(f) Applications where a registered address in India is not provided for the non-Individual Applicants;
(g) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not in the names of the individual partner(s);
(h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
(i) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the Courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;
(j) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;
(k) GIR number furnished instead of PAN;
(l) Applications by OCBs;
(m) Applications for an amount below the minimum Application size;
(n) Submission of more than five ASBA Forms per ASBA Account;
(o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
(p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
(q) Applications accompanied by stock invest/ cheque/ money order/ postal order/ cash;
(r) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
(s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
(t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
(u) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;
(v) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;
(w) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;
(x) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;
(y) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
(z) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not available or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
(aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
(bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
(cc) Applications by any person outside India;
(dd) Applications not uploaded on the on-line platform of the Stock Exchange;
(ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
(ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form mentioned in this Prospectus and as per the instructions in the Application Form and this Prospectus;
(gg) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
(hh) Applications providing an inoperative demat account number;
(ii) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;
(jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
(kk) Investor category not ticked;
(ll) In case of cancellation of one or more orders (Options) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(mm) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 p.m. on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 p.m. of the next Working Day; and

(nn) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹ 2 lakhs.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please refer "***Information for Applicants***" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;
(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;
(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*HNI Portion*").**
(d) *Applications received from Category IV applicants:* Applications received from Category IV, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" ***"HNI Portion" and*** "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹5,000 lakhs over and above the Base Issue Size of ₹5,000 lakh.

The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 5% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or on-line acknowledgement);

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 15% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

(iii) Applicants belonging to the Category III in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

(iv) Applicants belonging to the Category IV in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or on-line acknowledgement);

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., on a first-come first-serve basis, based on the date of upload of each Application into the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of over-subscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating a value exceeding ₹5 lakhs;
(iii) Institutional Portion on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange. For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated on par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively. Minimum allotment of 10 NCDs and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 p.m. of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of this, the Investors are advised to refer to the Stock Exchange website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;

(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference;
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner; and
(iv) The total Allotment under Option I to Option (*) of the NCDs shall not exceed a value more than ₹10,000 lakh (assuming retention of 100% of oversubscription amount)

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of over-subscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange. In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager will Allot the residual NCD(s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Options (*), (*), (*) and (*);
(ii) followed by payment on cumulative options in decreasing order of tenor i.e., Options (*), (*), (*) and (*);

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: (*), (*), (*) and (*).

Our Company would Allot Option (*) NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the above provisions of this Prospectus.

Retention of over-subscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/ UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment shall be made within 5 (five) working days from the date of Issue Closing Date.

The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the

ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at 15% p.a. for the delayed period, in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, it can be done by submitting a request for it to the Designated Intermediary concerned who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application.

In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, it can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both.

However, the Applicant may withdraw the Application and reapply. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the on-line system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also refer "***Operational Instructions and Guidelines - Modification and cancellation of orders***" on page 185.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar to the Issue and both the depositories. As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form.

In this context:

(i) Tripartite agreement dated January 30, 2014 among our Company, the Registrar and CDSL and tripartite agreement dated February 5, 2014 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Company Secretary and Chief Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Utilisation of the issue proceeds

a. All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
b. Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;
c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;
d. Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
e. Undertaking by our Company for execution of the Debenture Trust Deeds.
f. Further, as per Regulation 15 of SEBI Debt Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed;
g. We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹3,750 lakhs and receipt of listing and trading approval from the Stock Exchange;
h. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and
i. Allotment Advices shall be issued or Application Amount shall be refunded / unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at the rate of 15% p.a. for the delayed period, in accordance with applicable law.
j. Further, the proceeds of this issue will be utilised only for the purpose and objects stated in the offer documents / Prospectus

Undertakings by our Company

Our Company undertakes that:

a. the complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;
b. necessary co-operation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
c. necessary steps will be taken for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;
d. funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;
e. our Company will disclose the complete name and address of the Debenture Trustee in its annual report
f. we shall forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee on half-yearly basis;
g. we shall provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;
h. we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time:
i. we shall create a recovery expense fund in the manner as may be specified by the Board from time to time and inform the Debenture Trustee about the same;
j. we undertake that the assets on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, permission or consent to create a second or *pari passu* charge on the assets of the issuer will be obtained from the earlier creditor(s).
k. the charge created on the security shall be registered with the sub-registrar, RoC, CERSAI, Depositories, as applicable, within 30 days of creation of such charge; and

NCDs shall be considered as Secured only if the charged assets are registered with the sub-registrar or RoC or CERSAI or Depositories, as applicable or is independently verifiable by the Debenture Trustee.

SECTION VII: LEGAL AND OTHER INFORMATION

PENDING PROCEEDINGS AND STATUTORY DEFAULTS

Except as described below, there are no pending proceedings and statutory defaults including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. As on the date of the Prospectus, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures, fixed deposits and arrears on cumulative preference shares, etc., by our Company. Further, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures, fixed deposits and arrears on cumulative preference shares, etc., by any public companies promoted by the Promoters and listed on the stock exchanges except as under:

Sakthi Sugars Limited: (Listed with BSE / NSE)

(₹ Lakh)

1. Statutory Defaults as on December 31, 2021	
Electricity Generation Tax	256.50
Total (1)	**256.50**
2. Dues to Banks / Institutions as on December 31, 2021	
Banks / Asset Reconstruction Companies	112,145.76
Sugar Development Fund	10,042.45
Total (2)	**122,188.21**
Total (1+2)	**122,444.71**

Except as disclosed herein below, there are no:

a. *proceedings against the Company and the Directors for offences under the enactments specified in Paragraph 1 of Part I of Schedule V to the Companies Act, 2013;*

b. *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the date of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*

c. *litigation involving the Company, the Promoter, Directors and our group companies or any other person, whose outcome could have material adverse effect on the position of our Company;*

d. *proceedings initiated against the Company for economic offences;*

e. *matters pertaining to default and non-payment of statutory dues;*

f. *inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 during the last five years;*

g. *instances of fines imposed or compounding of offences made during the last five years; and*

h. *matters pertaining to any material frauds committed against the Company during the last five financial years.*

I. CASES FILED AGAINST THE COMPANY

Civil Litigations

1. Mr. N. Senthil **("Hirer")** (HP A/c No 477483) filed an Injunction Suit (O.S.182 of 2013) on 30th August 2013 against the company before Court of District Munsiff of Madurai Taluk (Court) alleging that the Company is attempting to take illegal custody of vehicle financed under Hire Purchase transaction. Further, the Hirer prayed to the Court to pass judgment and decree for granting permanent Injunction restraining the company and their agents, or person claiming through them in any way interfering with the Hirer in the peaceful possession and enjoyment of the vehicle except under the due process of law. In response to the aforesaid suit, on 18th September 2013, the Company has filed an application before the court to reject the Plaint and direct the plaintiff to work out remedies before the Arbitration Tribunal. The Court allowed the application filed by company I.A. 468 of 2013 on 18/11/16 and the Plaint is rejected under Order 7 Rule 11 of CPC.

The Company has also initiated an arbitration proceeding (A.C. No 81 of 2013) against N.Senthil **("Hirer")** and guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on 14th September 2013 in terms of Hire Purchase Agreement. The Arbitral Tribunal passed an award on 14th June 2014 (Award) directing the Hirer and Guarantor to pay ₹ 7.08 lakh with additional hire charges at 18% p.a. from the date of claim statement till the date of payment and also cost of ₹ 0.10 lakh, within three months from the date of the order.

On account of failure of the parties to pay the award amount within stipulated time, the Company is taking steps to execute the award and filed EP 116 of 2020 on the file of Honourable District Judge Court, ********* for the attachment and sale of immovable properties and the Court ordered attachment of immovable property.The property was attached on 17/12/2021 and matter is referred to Lok Adlath and the case is posted to 18/03/2022 for further hearing.

2. Mr. D.Swaminathan **("Hirer")** filed an Injunction Suit (O.S. 389 of 2013) on December 19, 2013 against our Company before Tirupur Taluka (Court) alleging that the Company is attempting to take illegal custody of the vehicle financed under hire purchase transaction. In response to the aforesaid suit, on January 2014, the Company has filed an application before the Court. Further, the Hirer prayed the Court to grant permanent injunction restraining the Company and anybody under them from forcefully and illegally taking custody of the vehicle except under due process of law. to reject the plaint and direct the plaintiff to work out remedies before the Arbitral Tribunal. The matter is posted for further hearing.

   The Company has initiated an arbitration proceeding (A.C No.5 of 2014) against D. Swaminathan **("Hirer")** and a guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on January 6, 2014 in terms of the hire purchase agreement. The Arbitral Tribunal passed an award on August 23, 2014, directing the Parties to pay ₹ 8.46 lakh with additional hire charges of 18% p.a. from date the of claim settlement till the date of payment within three months from the date of the order. The Execution Petition was filed on the file of Principal District Judge Tiruppur on 04/01/2022 and it is in numbering stage.

3. The Company has repossessed and sold a hired vehicle owned by Mr. Magandi Nagendra Prasad **("Hirer")** on account of non-payment of hire purchase instalments due to the Company. The Hirer filed a damage suit (O.S. 360 of 2013) before Principal Senior Civil Judge, Gudiwada (Court) on August 16, 2013 alleging that the Company has wrongfully seized and sold vehicle financed under hire purchase transaction. The Hirer prayed to the Court for grant of decree against the Company (i) for the recovery of compensation amount of ₹ 3.52 lakh together with subsequent interest of 18% p.a. from date of suit till the date of payment; (ii) declare that the Hirer is the absolute owner of the vehicle and hand over the possession of the vehicle in "as is where is" condition, if the Company did not hand over the vehicle the company to pay ₹ 4.90 lakh at interest of 18% p.a. In response to the aforesaid Suit, on December 12, 2013, the Company has filed an application I.A.372 of 2014 before the Court to reject the plaint and direct the plaintiff to work out remedies before the Arbitration Tribunal. The matter is pending before the Court and posted to 06/04/2022 for further enquiry -written arguments.

Consumer Cases

1. Mr. M. Maharajan**("Hirer"**) filed a complaint (C.C. 152 of 12) before District Consumer Dispute Redressal Forum, Madurai (**"Court"**), on December 3, 2012, alleging that the Company has wrongfully taken custody of vehicle financed to Hirer. Further, the Hirer prayed the Court to direct the Company (i) to hand over the possession of vehicle under custody; (ii) to pay a sum of ₹ 0.10 lakh per month from September 2008 to 2012; (iii) award damages of ₹ 2 lakh for mental agony, ₹ 0.25 lakh for deficiency in service and ₹ 0.10 lakh towards cost and such other relief. The Company submitted a counter statement, on January 18, 2013, before the Court to reject the aforesaid complaint and direct the Hirer to work out his remedies before the Arbitral Tribunal. The matter is pending before the Court and posted for hearing on August 11, 2021.

   The Company has initiated an arbitration proceeding (A.C No.42 of 2012) against Hirer and a Guarantor (collectively referred to as **"Parties"**) by referring the matter to Arbitral Tribunal, Coimbatore on May 8, 2012. The Arbitral Tribunal has passed an award dated March 23, 2013 (**"Award"**) directing the Parties to pay the outstanding amount of ₹ 3.36 lakh together with additional finance charges @ 18% p.a. from July 28, 2012 till payment and also cost of ₹ 0.07 lakh, within three months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition (**"EP"**) against the Parties, on July 22, 2013, before Principal District Judge, Madurai under Order 21 of Rule 22, 54, 66 and 82 of CPC. The EP is taken on record bearing number 419 of 2013. The company is taking steps to execute the Award.

2. The Company had advanced hire purchase loan to Mr. Thomas **("Hirer"**) and demanded outstanding amount of ₹ 1.14 lakh comprising ₹ 0.68 lakh as arrears instalment amount and ₹ 0.46 lakh as additional hire charges. The Hirer filed a complaint (CC No 378/12) on June 26, 2012 before District Consumer Dispute Redressal Forum, Ernakulam (Forum) against Company admitting the claim of ₹ 0.68 lakh only as full and final settlement against the aggregate outstanding of hire charges of ₹ 1.14 lakh and deposited the admitted amount with the Forum. Further, the Hirer prayed the Forum to direct (i) the Company to receive an amount of ₹ 0.68 lakh as full and final settlement amount from the Hirer and issue NoC and to return the cheque leaves collected from the Hirer as security; (ii) to produce ledger extract of hirer before the Forum and (iii) the Company to pay the amount of ₹ 0.10 lakh for deficiency in service and ₹ 0.10 lakh for mental agony. The Forum, vide its interim order (I.A.No.547/2012 in CC No. 378/12) dated November 12, 2012, directed the Hirer to pay a sum of ₹ 0.68 lakh to Company within 30 days from the date of the order; (ii) deposit ₹ 0.46 lakh with the Forum within 30 days of the receipt of the order and (iii) the Company shall issue NoC within 15 days of the receipt of the evidence on the above payment and deposit. The Forum, vide its order dated May 29, 2015, allowed the complaint and directed to the Company to pay compensation of ₹ 1.00 lakh with interest @ 12% p.a. (from date of filing the complaints till the date of realization) and cost of proceeding of ₹ 0.10 lakh to the Hirer. Against order of Forum, the Company has preferred an appeal No 661 of 2015 at Kerala State Consumer Dispute Commission. The case is posted for further hearing.

   The Company has initiated an arbitration proceeding (A.C No.78 of 2012) against Hirer and two Guarantors (collectively referred to as **"Parties"**) by referring the matter to the Arbitral Tribunal, Coimbatore on July 14, 2012. Arbitral Tribunal has passed an award dated August 31, 2013 ("**Award"**) directing the parties to pay the outstanding amount together with subsequent hire purchase charges @ 36% p.a. from the date of claim till payment and deposit of disputed amount of AHC in Consumer Forum.

3. Mr. Robinson (**"Hirer**") has filed a complaint (CC 1 of 2013) on January 2, 2013 before the State Consumer Disputes Redressal Commission Circuit Bench, Madurai ("**State Commission**") for alleging deficiency in service viz. non-furnishing of no due certificate as well as no objection certificate for cancelling hypothecation even after clearing the loan amount. Further, the Hirer prayed the Commission for passing an order more particularly directing the Company to issue no due certificate in relation to the loan disbursed in pursuance of hire purchase agreement along with no objection certificate for cancellation of hypothecation endorsement in the certificate of registration of the vehicle forthwith along with compensation to the tune of ₹ 23 lakh along with costs. The Company has filed the statement of objection before the Commission submitting that the hire purchase transaction has already been terminated and the no due certificate sent to Hirer by way of registered post. The Commission vide its order dated November 19, 2015, partially allowed the complaint and directed the Company to pay compensation of ₹ 10.00 lakh and cost of proceeding of ₹ 0.10 lakh to the Hirer. Against the order of State Commission, the Company has preferred an appeal before the National Commission in First Appeal 1022 of 2015 and the case is pending.

4. Mr. Palpandi ("**Complainan**t") filed a complaint (CC No. 79 of 2014) on February 28, 2014 before District Consumer Dispute Redressal Forum, Madurai ("**Forum**") against the Company alleging for non-sanctioning of hire purchase advance to the Complainant. Further, the Complainant prayed to the Forum to pass an order directing the Company to (i) release the sanctioned loan amount of ₹ 13.00 lakh; (ii) pay damages of ₹ 5 lakh towards mental agony, monetary loss and for having cost damage to the reputation of the complainant (iii) to pay the cost of the complaint. The Company has filed a counter statement on May 20, 2014 before the Forum submitting that (a) the Complainant is not a consumer as defined under the Consumer Protection Act; (b) the dispute is a commercial transaction which cannot be entertained by the Forum; (c) there is no concluded contract between the parties and (d) there is no deficiency of service in the transaction. Accordingly, the Company prayed the Forum to dismiss the aforesaid complaint with compensatory cost. The matter is pending before the Forum and posted for further hearing on May 11, 2022.

II. CASES FILED BY THE COMPANY

Criminal Litigations

The Company filed a criminal complaint on November 29, 2013 against Mr. Suresh Ram **("Hirer")**, Mrs. Vasanthi and Mr. Arumugam before District Crime Branch, Villupuram for fabrication of records under Sections 419, 420 and 468 of IPC. The FIR is registered as crime no. 05 of 2014 by the District Crime Branch, Villupuram. The Police completed their investigation and filed charge sheet before Chief Judicial Magistrate, Villupuram in C.C. 205 of 2018 and the matter is pending trial.

The Company has initiated an arbitration proceeding (A.C No.86 of 2013) against the Hirer and two Guarantors (collectively referred to as "**Parties**") by referring the matter to Arbitral Tribunal, Coimbatore on September 14, 2013. The Arbitral Tribunal has passed an award dated March 15, 2014 ("**Award**") directing the Parties to pay the outstanding amount of ₹ 11.05 lakh together with additional finance charges at 18% p.a. from the date of claim till payment and also cost of ₹ 0.15 lakh, within 3 months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition ("**EP**") against the Parties, on July 11, 2014, before Principal District Judge, Villupuram under order 21 of Rule 22, 54, 66 and 82 of CPC. The EP is taken on record bearing number 36 of 2014. The company is taking steps to execute the same.

The company filed a criminal complaint against Mrs. Rajeswari for fabrication of records, which is pending before the Town Police Station, Panruti. The police have refused to register the case citing that the matter is of civil nature. Meanwhile, Company has initiated an Arbitration Case No. 85 of 2013 for the recovery of ₹ 5.25 lakhs. An Award has been passed on 23rd March 2015 and the Execution Petition is under progress in Principal District Court, Cuddalore.

Civil Litigations

We are a deposit-taking Investment and Credit NBFC, providing finance to pre-owned commercial vehicles, infrastructure construction equipment, multi-utility vehicles, cars, jeeps and other machinery. The finances provided are secured by lien on the assets financed. In event of non-payment dues, our Company initiates arbitration proceedings against hirer / guarantors, who are in default in repaying the hypothecation dues. As on December 31, 2021, our company has initiated 1,757 arbitration proceedings for an aggregate amount of ₹ 6,097.47 lakh for recovery of outstanding dues, which are pending at different stages. The details are as under:

Stages / present status	Number of cases	Amount (₹ lakh)
Arbitration proceedings initiated and pending	200	764.52
Arbitration awards passed but amount yet to be recovered	1,128	3,581.93
Execution Petition for enforcement of Award filed and pending	429	1,751.02
Total	**1,757**	**6,097.47**

Source: Based on data from E – Register of Principal Sub Court, Coimbatore, Principal District Munsif Court, Coimbatore, Fast Track Court –II Coimbatore, Madras High Court, Madras High Court – II, DRT Coimbatore, Principal Labour Court, Chennai and NCLT Chennai.

III. LITIGATIONS INVOLVING STATUTORY DISPUTES

Service Tax Litigation

The Office of the Commissioner of Customs, Central Excise and Service Tax, Coimbatore (**"CCEC"**), *vide* its order bearing no CBE/ST/29/2015 Commr dated December 22, 2015 passed an order (**"Order")** and demanded from the Company an amount of (a) ₹ 598.53 lakh under section 73(2) of the Finance Act, 1994 (**"the Act"**) towards short payment of service tax paid by the Company on "Banking and Other Financial Services" during the period from October 10, 2009 to September 30, 2014; and (b) ₹ 114.88 lakh under Rule 14 of Cenvat Credit Rules, 2004 read with Section 73 of the Act towards reversal of Cenvat Credit availed by the Company during the period from October 1, 2009 to September 30, 2014. The Order also demanded from the Company appropriate interest on aforesaid amount and imposed a penalty of ₹ 713.51 lakh. Our Company has deposited an amount of ₹ 98.63 lakh towards reversal of Cenvat Credit under protest with the service tax department. Against the order of CCEC, the Company has filed writ petition (No 10920/2016 dated March 22, 2016) before Hon'ble High Court of Madras, and prayed to quash the impugned order of the CCEC. The Writ Petition is admitted by the Hon'ble High Court, Madras and stay has been granted.

At a hearing held on 09.11.2020, the Hon'ble Madras High Court has dismissed the Writ Petition, as withdrawn granting liberty to appeal before CESTAT under Section 129A of Customs Act 1962. Now, the company has filed appeal before Customs, Excise and Service Tax Appellate Tribunal Chennai under Section 86(1) of the Finance Act 1994. This appeal is now pending disposal before the CESTAT.

Income tax cases under Income Tax Act, 1961 (IT Act)

Assessment Year ("AY")	Forum before which matter is pending and Case/Appeal No	Facts of the case
2007-08	High Court, Madras 336 of 2011	The Assessing Officer (**"AO"**) while completing assessment for the AY 2003-04, 2004-05 and 2007-08, considered the finance charges on NPA on accrual basis and added finance charges of ₹ 110.90 lakh, ₹ 56.01 lakh and ₹ 21.09 lakh for respective assessment years. Against the above assessment orders, the Company had filed appeals before Commissioner of Income Tax (CIT) (Appeal). The CIT (Appeal) had allowed the appeals and held that interest on NPA was not to be included in the total income of the Company on accrual basis. Against the above orders of the CIT (Appeal), the income tax department preferred appeals before Income Tax Appellate Tribunal, Chennai ("**ITAT"**). The ITAT *vide* its order bearing number I.T.A Nos. 1646, 1647 and 1647 Mds/2010 dated December 16, 2010, rejected the appeals filed by the income tax department and held that NPA was to be considered only after recognizing income. Aggrieved by the order the ITAT, Income Tax Department, Commissioner of Income Tax-I, Coimbatore, has filed Memorandum of Appeals dated April 29, 2011 under Section 260-A of the IT Act before the Hon'ble High Court, Madras, which are currently pending.
2004-05	High Court, Madras 335 of 2011	
2003-04	High Court, Madras 334 of 2011	

Assessment Year ("AY")	Forum before which matter is pending and Case/Appeal No	Facts of the case
1999-2000	Assessing Officer	For assessing the total income of the Company for AY 1999-2000, the assessing officer had added ₹ 118.34 lakh accrued interest on NPA. The Company had filed an appeal before the Commissioner of Income Tax (Appeal) against the order of assessing officer, The Commissioner of Income Tax (Appeal) allowed appeal filed by the Company and deleted addition made by assessing officer from the total income. Against the above order of the Commissioner of Income Tax [CIT] (Appeal), the income tax department had preferred an appeal before Income Tax Appellate Tribunal, Chennai (ITAT). The ITAT vide its order bearing number I.T.A No 277 (Mds) / 2005 dated May 23, 2006 set aside the order of CIT (Appeal) and the matter was restored to assessing officer with direction to decide the matter *de novo*. The matter is pending with the assessing officer.
2012-2013	Commissioner of Income Tax (Appeal)	Income tax appellate Tribunal has passed an order on 21/09/2017 remanding the case back to the assessing officer to verify the accounts with regard to reserves and surplus for investment with regard to the disallowance of (a) probable expenditure in relation to exempted income u/s 14A, to the extent of ₹ 29.08 lakh,. The matter is now pending with A.O. Demand with regard to the issue is ₹ 9.83 lacs.

Interest tax cases under the Interest Tax Act 1974

Assessment Year ("AY")	Forum before which matter is pending and Case/Appeal No	Facts of the case
1999-2000 and 2000-01	High Court, Madras TC (A) No. 282 & 283 of 2007 and Review Petition No. 56 of 2013 and 57 of 2013	For the AYs 1999-2000 and 2000-01, the assessing officer has added accrued interest on NPA amounting to ₹ 180.35 lakh and ₹ 56.09 lakh for the respective AYs. The Company had preferred the appeals before Commissioner of Income Tax (Appeal), who allowed the appeals made by the Company holding that accrued interest on NPA is not assessable to income tax. The income tax department had preferred appeals against above order of the CIT (Appeal) before Income Tax Appellate Tribunal, Chennai ("**ITAT**"). The ITAT vide it's orders bearing no. INT.T.A. Nos. 4/Mds/2006 and 5/Mds/2006 dated September 15, 2009 rejected the appeals filed by the income tax department and held that no addition could be made in the hands of assessee in respect of unrealized accrued interest when the loan was classified as NPA. The income tax department had preferred appeals against orders of ITAT before Hon'ble High Court, Chennai u/s 260A of the IT, Act. The Hon'ble High Court *vide* its judgment and decree dated February 12, 2013 in TC (A) No. 282 & 283 of 2007 set aside the orders of ITAT and matters are remanded to the assessing officer for consideration afresh. With respect to above judgment of the Hon'ble High Court, the Company has preferred review petition under Section 260(A) of the IT Act and prayed to the Hon'ble High Court to recall its judgment remanding the matter to the assessing officer afresh for consideration. The Hon'ble High Court *vide* its order disposed of the review petition and directed to place the matter before the decision of the larger bench of Hon'ble High Court, Chennai.
2016-17	Commissioner of Income tax appeals	Company has sold 600 KW Wind Mill to Aaray Land developers (P) Ltd. Sale price of the Wind Mill is ₹ 1.62 crores. However, Notice U/s 147 of the IT Act has been issued. Notice says that as per the information gathered by them during Search U/s 132 conducted in the premises of Ms. D. Shakila, wherein an excel sheet containing purchase details of wind mills from various vendors were found. The notings with respect to our Company reveals a purchase cost of ₹5.40 crore as against our sale price of ₹ 1.62 crores. Hence ₹.3.78 crores has been treated by income tax as un-accounted income. Assessment order has been passed on 15/09/2021 including ₹ 3.78 crores by the assessing officer as unaccounted income. Against this order an appeal has been filed with Commissioner of Income Tax Appeals on 25/11/2021. Demand with regard to the above issue is ₹ 2,17,15,810.

IV. LITIGATION INVOLVING OUR GROUP COMPANIES

Except stated in the above para there is no litigation involving our group companies, which could have material adverse effect on the financial position, profitability and cash flows of our Company.

V. SHOW CAUSE NOTICES, IF ANY, ISSUED AGAINST THE PROMOTERS OF THE COMPANY OR DIRECTORS

(a) Promoters

i) In SIAC Arbitration No. 449 of 2019, Aapico Hitech Public Company Limited, a Company incorporated in Thailand and Aapico Investment Pte Limited, a Company incorporated in Singapore have invoked Personal guarantee against Dr. Manickam before the Arbitration under the Arbitration Rules of The Singapore International Arbitration Centre, in respect of Personal Guarantee issued by

Dr. Manickam under Deed of Personal guarantee dated October 1, 2018 for loan granted by Aapico Hitech Public Company Limited and Aapico Investment Pte Limited to ABT UK under Loan Agreements dated 2017 and 2018 aggregating to a sum of USD 122.423 Million plus interest.

The Arbitration Tribunal has passed an award dated 21.12.2021 that Dr. M. Manickam is liable to pay sums as may remain outstanding under the Personal Guarantee after share charge proceeding viz. Proceedings pending by way of claims filed by ABT Auto Investments Limited (United Kingdom) before the High Court of England and Wales are disposed of finally.

The Claim of AAPICO before the Arbitration Tribunal is for a sum of USD 122.423 Million. However, whether any amount would remain payable by Sri. Manickam and if so what amount, remains uncertain, and will get crystallised only based on the outcome of share charge proceedings pending before UK Court.

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

ii) IIBA/873 of 2019 has been filed before the National Company Law Tribunal, Division Bench, Chennai under Section 7 of the Insolvency and Bankruptcy Code 2016 by M/s. Asset Reconstruction Company (India) Limited **("ARCIL")** for initiation of Corporate Insolvency Resolution Process against M/s ABT (Madras) Private Limited on the ground that M/s. ABT Madras Private Limited has defaulted in repaying an amount of ₹ 507,97,10,877/-. NCLT admitted the application and subsequently has passed an Order dated 03.09.2021 sanctioning a Resolution Plan under which ABT Madras Private Limited was merged with Baashyaam Infrastructure Private Limited (BIPL). Dr. M.Manickam had given Personal guarantee for the borrowings initially from DHFL which was assigned to ARCIL. In terms of Clause 4.10 of the Resolution plan sanctioned by NCLT, this personal guarantee was assigned to Baashyaam Infrastructure Private Limited.

iii) PNB has filed an application O.A. No. 414 of 2018 before DRT, Coimbatore for recovery of a sum of ₹ 5,751.13 lakh from the SSL together with interest. Dr. M Manickam, Sri. M Balasubramaniam, Sri. M Srinivaasan, ABT Investments India Pvt Ltd and Smt. KarunambalVanavaraayar have been impleaded as parties to the said OA. Dr. M Manickam, Sri. M Balasubramaniam, Sri. M Srinivaasan, have given personal guarantees. SSL has made a proposal for OTS and PNB has sanctioned the same. The Bank has agreed to withdraw the application. There has been a default in the payment of OTS amount as per the sanction.

There are no other outstanding litigations towards tax liabilities or any criminal/civil prosecution for any offences (irrespective of whether they are specified under Paragraph (i) of Part I of Schedule XIII to the Companies Act 1956/Paragraph (a) Schedule V to the Companies Act 2013 disputes, defaults, non-payment of statutory dues, proceedings initiated for economic offences or securities related or other offences against the Directors/ Promoters of the Company.

NON-COMPLIANCE ON MATTERS RELATING TO CAPITAL MARKET: **Nil**

NON-COMPLIANCE UNDER FOREIGN EXCHANGE MANAGEMENT ACT 1999: **Nil**

b) Company

Our Company received a Show Cause Notice No. DNBS (Che) No. 258/13.18.2018 dated 31st August 2018 from RBI, before imposing penalty for violations of Fair Practices Code **("FPC")** Guidelines under Section 58-G of the Reserve Bank of India Act 1934. Our Company's attention was drawn to the following violations (i) Charging of interest higher than the one disclosed in loan agreement and sanction letter by way of First EMI upfront and charging of interest for period longer than the repayment schedule and other fair practices code violations. Our Company has sent a suitable reply vide its letter dated 19th September 2018 and has requested that the proposed action be dropped. The company represented the matter to a personal hearing held by a Committee of Directors of RBI. The Committee of Directors passed an order not to take any penal action against our Company.

Other than the above, there are no disputes / litigations towards tax liabilities or any criminal or civil prosecutions against the company for offence, economic or otherwise.

VI. LITIGATION INVOLVING OUR GROUP COMPANIES

There is no litigation involving our group companies, whose outcome could have material adverse effect on the position of the Company, except as stated as under:

(1) SAKTHI SUGARS LIMITED

(i) Litigations Against SSL

Sakthi Sugars Limited has defaulted in meeting its obligations to its creditors and the creditors have filed the following petitions in NCLT, DRT and High Courts against Sakthi Sugars Limited, which are in various stages of pendency.

a) Sakthi Sugars Limited **("SSL")** was sanctioned loans for an amount aggregating ₹ 6,216.96 lakhs by Sugar Development Fund for meeting the shortfall in the Promoters contribution for setting up of 35 MW and 25 MW bagasse based cogeneration plant at Sivaganga and Modakurichi respectively with IFCI as Nodal and Monitoring Agency. IFCI has made a claim for ₹ 6,806.80 lakhs against SSL before DRT, Chennai in O.A. No. 9 of 2018. ARCIL a defendant in the OA, seeking security cover for a sum of ₹ 680 crores, has filed an Attachment Before Judgment Application for SSL's shareholding in SACL. Management of SSL, after discussion with ARCIL has created pledge of shares held by SSL in Sakthi Auto Component Ltd to avert the Attachment before Judgement Application. ARCIL issued notice under Section 13(2) of SARFASEI Act on 30.11.2020, issued pledge invocation notice on 08.03.2021 and effected transfer of pledge to shares on its own name on 10.03.2021.SSL has filed a Written Statement and is contesting the same. SSL has taken a stand that the OA is not maintainable before DRT Chennai. SSL has also pleaded that representations have been made by the Tamil Nadu Sugar Mills Association of which it is a member, to Government of India, seeking relief and withdrawal of legal proceedings, explaining the various factors which have affected the sugar industry in Tamil Nadu. The OA is at final hearing stage. Meanwhile, Govt of India has issued guidelines for restructuring of the loans sanctioned. The eligibility of SSL for restructuring under the existing guidelines is doubtful having regard to the conditions to be satisfied under the guidelines

b) IOB had filed IBA/270/2020 (CP SR No.167 of 2020) before NCLT, Chennai claiming a sum of ₹ 41.53 crores (including interest) from SSL for the loan sanctioned by them has since been withdrawn pursuant to order dated 11.02.2020 and the liability to SSL to IOB was fully settled.

c) Applications filed by Devendran Coal Private Limited (CP/785/IB/2018) before Honourable NCLT, Chennai Bench for admission of SSL into Insolvency and Bankruptcy Code 2016, since withdrawn is closed, as the dues are fully settled. Applications were filed by Bank of India (IBA/522/2019),

d) Punjab National Bank (CP/806/IB/2018) and Sri. SanyaRajan Shahani, one of the FCCB holders (IBA/697/2019) before Honourable NCLT, Chennai Bench for admission of SSL into Insolvency and Bankruptcy Code 2016. All these applications stand withdrawn as on date by the Creditors on account of compromise entered into.

e) In Appeal No. 473 of 2019 filed by Jain Irrigation Systems Limited before the National Company Law Appellate Tribunal, Order has been passed based on Joint Memorandum of Terms of Compromise dated 13.12.2019 in full and final settlement of Jain Irrigation's claim. The dues to the party have been fully settled.

f) Sri. Kailash Bulchandani, another FCCB Bond holder, holding bonds for a nominal value of US $ 400,000 has filed Application No. IBA 1432 of 2019 before NCLT, Chennai claiming that the consent Order passed by Madras HC in CP. No. 212 of 2012 as being defaulted by SSL. SSL was disputing on the ground that the consent Order mandates as Condition Precedent, RBI approval. Consequently, SSL also deposited the sum of ₹ 8 crores being the approximate Rupee equivalent of the claim amount with the Power Agent of the Bondholder, on Orders of NCLT. RBI approval dated 03.02.2021 has been received. SSL has made request to the Power Agent of the Bondholder to transfer back the amount deposited with him. On receipt of funds, the bondholder will be settled to close the matter. The NCLT proceedings to be closed only after the remittance of funds is made to the bond holder.

g) In C,P.No. 19/2012 filed by a FCCB holder of the Company before the Hon'ble High Court of Madras, consent order has been passed for payment of US $ 1,167,900 with interest at 8.50 % per annum from January 31, 2017 subject to the approval of RBI. RBI has granted its approval on August 7, 2017 and the Company has informed that it has since paid US $ 1,150,000. The Petitioner also filed a Petition in the NCLT in IBA/697/2019 which ended in a compromise for settlement. However there has been a subsequent default in adhering to the compromise terms and there is still remains a balance of USD 406,150 Inclusive of interest due to be paid to the bond holder. Any default in the compromise settlements may lead to these Creditors initiating action against SSL.

h) CP (IB) No. 522 of 2019 had been filed before the National Company Law Tribunal, Chennai, by Bank of India, a Financial creditor under Section 7 of the Insolvency and Bankruptcy Code 2016 in view of default committed by SSL to the tune of ₹ 2,17.43,99,059 as on 7.3.2019. OTS terms were reached with OTS figure arrived at ₹ 150,43,99,059 and time for OTS payment extended till 30.09.2021. Based on OTS terms, Bank of India filed a withdrawal memo seeking liberty to file afresh in the event the Corporate Debtor fails to repay as agreed. Based on the withdrawal memo order has been passed on 20.9.2019 dismissing the application with a clarification that the Creditor bank is entitled to proceed against SSL by filing a fresh application if SSL should default OTS terms. There has been a subsequent default in the payment of OTS terms.

i) In respect of compromises entered into during pendency of Company petitions filed before NCLT under IBC by Punjab National Bank (CP/806/IB/2018), the compromise terms have not been adhered to by SSL and consequently there is a risk of fresh Company Petitions being filed by them.

j) ARCIL has filed an application before DRTM, Coimbatore in OA 958 of 2021 against SSL, Dr. M. Manickam, Sri. M. Balasubramaniam, Sri. M. Srinivaasan, M/s ABT Limited. The OA is for recovery of ₹ 776.20 Crores together with interest. The proposal for OTS submitted by SSL had been sanctioned by the Bank. There has been a default in making payment as per the OTS. SSL is stated to be in discussion with ARCIL for extension of time. The Pleadings are yet to be filed by the Defendants.

k) PNB has filed an application O.A. No. 414 of 2018 before DRT, Coimbatore for recovery of a sum of Rs. 5,751.13 lakh from the SSL together with interest. Dr. M Manickam, Sri. M Balasubramaniam, Sri. M Srinivaasan, ABT Investments India Pvt Ltd and Mrs.KarunambalVanavaraayar have been impleaded as parties to the said OA. Dr. M Manickam, Sri. M Balasubramaniam, Sri. M Srinivaasan, have given personal guarantees. SSL has made a proposal for OTS and PNB has sanctioned the same. The Bank has agreed to withdraw the application. There has been a default in the payment of OTS amount as per the sanction. SSL is in discussion with PNB for extension of time for payment of OTS.

(ii) Cases filed by SSL

a) SSL has instituted CP/387/2020 before NCLT, Chennai Bench on mandate of lenders of SSL to remedy oppression concerning the affairs of Sakthi Auto Component Limited, wherein SSL has a shareholding of 19.81% (which has since been transferred to ARCIL). The said CP is pending.

b) AAPICO has secured an award dated 06.10.2021 in SIAC Arb. No. 326 of 2019 from SIAC Arbitration Tribunal against ABT Auto Investments Limited UK and Sakthi Auto Component Limited, *inter alia*, to the effect that AAPICO is entitled to have control of Board of SACL proportionate to 77.04% shareholding. SSL is identified in the said award as an affiliate of SACL. The enforcement of the said award in Indian Courts has been sought for by AAPICO in Arb OP 296 of 2021 and the same is contested by SACL before the High Court of Madras. SSL has filed an application in A.no. 588 of 2022 for impleading and for resisting the enforcement contending that the finding that SSL is an affiliate of SACL is rendered in a proceeding to which SSL is not a party and without hearing SSL.

(2) SRI CHAMUNDESWARI SUGARS LIMITED ("SCSL")

SCSL has paid all dues to Banks and Financial Institutions from whom the financial assistance have been availed and the Accounts are standard and operating. However, there are defaults to IREDA and Sugar Development Fund as detailed as below:

Particulars	**Default Amount (₹ Lakh)**	**Default Period**	**Current status**
IREDA Sugar Expansion Project	Principal: 1,242.88 Interest: 3,198.58	Dec 2019 to Nov 2021	Started commercial operations on 23.7.2021

		March 2019 to Nov 2021	and the company has submitted restructuring proposal
IREDA - Energy Efficiency Project	Principal : 250.42 Interest : 313.98	November 2019 to November 2021 June 2019 to November 2021	Started commercial operations on 23.7.2021 and the company has submitted restructuring proposal
Sugar Development Fund ("SDF")	Principal : 2,814.51 Interest : 1,861.86	Sep 2011 to November 2016 March 2012 to November 2021	IFCI initiated legal action in DRT. However, GOI had announced a restructuring proposal vide notification No. GSR885 (E) dated 17.9.2019 for SDF loans. Company has submitted restructuring proposal to SDF/IFCI and the same is under consideration.
Government of Karnataka Interest Free Purchase Tax Loan	185.00	2010-2017	-

3. Sakthi Financial Services Limited ("SFSL") (now known as Sakthifinance Financial Services Limited)

One of the associate company, Sakthi Financial Services Limited **("SFSL"),** engaged in the business of hiring of Safe Vaults and marketing investment products in the region of Tamil Nadu, had received on 28 December 2006 a sum of ₹ 492.87 lakhs (Euro 8,48,896) from Mr. Ashok Aram, who is a Non-Resident Indian. SFSL intimated the Reserve Bank of India ("RBI") about the receipt of application on 27 January 2007. The money had been received primarily for the purpose of investment in equity shares of SFSL to strengthen its workings capital requirements and networth. SFSL was not able to allot the equity shares to the non-resident investor within a period 180 days from the date of receipt of money and allotted 9,85,738 equity shares of ₹ 10 each at a premium of ₹ 40 (Total amount per share: ₹ 50) aggregating to ₹ 4,92,86,902. SFSL was also not able to file FC – GPR within a period of 30 days from the date of allotment, as there was no proper official to take care of FEMA compliance. RBI, has, by its letter no FED: FID/3306/25.29.001/2016-17 dated 19 May 2017, informed that neither SFSL had filed Form FC – GPR for allotment of shares with RBI nor has intimated the refund of share application money. RBI again, by its letter dated FED. FID/3555/25.29.008/2017-18 dated 9 April 2018 advised the company to report the share allotment in FC GPR through on-line reporting portal www.ebiz.gov.in. In compliance with the RBI advice, the Company filed the Form FC – GPR on 13th April 2018.

RBI subsequently allotted the Registration No.FC2018MAR324 on 14th September 2018. RBI again issued a letter to SFSL in September 2018 and advised SFSL to file a compounding application with RBI. SFSL had filed a compounding application with RBI on 10 December 2018. The company officials had a personal hearing with RBI on January 23, 2019, subsequently RBI has since passed an order levying a compounding fee of ₹ 12.91 lakh, which has been paid.

4. ABT (Madras) Private Limited

IBA/873 of 2019 has been filed before the National company Law Tribunal, Division Bench, Chennai under Section 7 of the Insolvency and Bankruptcy Code 2016 by Asset Reconstruction Company (India) Limited **("ARCIL")** for initiation of Corporate Insolvency Resolution Process against ABT (Madras) Private Limited on the ground that ABT (Madras) Private Limited has defaulted in repaying an amount of ₹ 507,97,10,877. NCLT admitted the application and subsequently has passed an Order dated 03.09.2021 sanctioning a Resolution Plan under which ABT (Madras) Private Limited was merged with Baashyaam Infrastructure Private Limited **("BIPL")**. Dr. M.Manickam had given Personal guarantee for the borrowings initially from DHFL which was assigned to ARCIL. In terms of Clause 4.10 of the Resolution plan sanctioned by NCLT, this personal guarantee was assigned to Baashyaam Infrastructure Private Limited.

VII. FINES IMPOSED OR COMPOUNDING OF OFFENCES DONE DURING THE LAST FIVE YEARS

No fine has been imposed nor any compounding offence done by the company during the last five years.

VIII. DETAILS OF ACTS OF FRAUDS COMMITTED AGAINST OUR COMPANY SINCE FISCAL YEAR 2016 TILL THE PERIOD ENDED DECEMBER 31, 2021, IF ANY, AND IF SO, THE ACTION TAKEN BY OUR COMPANY IN RESPONSE

There are no instances of fraud, which are inherent in the nature of business of the Company and there is no material fraud committed against our company since fiscal year 2016 till the period ended December 31, 2021.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors of our Company have, at the meeting held on November 13, 2021 and February 14, 2022, approved the public issue of Secured and Unsecured Redeemable NCDs of face value of ₹ 1,000 each not exceeding ₹ 10,000 lakh ("Base Issue Size") with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating to an amount not exceeding ₹ 20,000 lakh.

Out of the above approval, the Issuer has proposed to offer Secured Redeemable NCDs of face value of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh with an option to retain over-subscription for an amount not exceeding, ₹ 5,000 lakh, aggregating for an amount not exceeding ₹ 10,000 lakh.

Pursuant to the resolution passed by the shareholders of our Company under Section 180(1)(c) of the Companies Act 2013, through the postal ballot process, the results of which were declared on April 5, 2014, the Board has been authorised to borrow any sum or sums of money, from time to time, as it may deem necessary, provided that the total monies borrowed and outstanding at any time for the principal amounts of the loans borrowed (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed ₹ 2,500 crore.

Prohibition by SEBI / eligibility of our Company

Our Company, persons in control of the Company and/or our Promoters and/or our Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

Our Company, our Directors and/or our Promoters have not been categorised as a wilful defaulter by the RBI, ECGC, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months.

None of our Promoters/ Directors have been declared as a fugitive economic offender.

Our Company, as on the date of this draft prospectus, has not defaulted in

a. The repayment of deposits or interest payable thereon; or
b. Redemption of preference shares; or
c. Redemption of debt securities and interest payable thereon; or
d. Payment of dividend to any shareholder; or
e. Repayment of any term loan or interest payable thereon;

in the last three financial years and the current financial year.

Our company is not in default of interest or redemption of principal amount in respect of Non-Convertible Securities for a period of more than six months. None of our Whole-time directors and / or Our Promoter, is a whole time Director / Promoter of another company which is / has been categorized as a willful defaulter.

No regulatory action is pending against the issuer or its promoters or directors before the Board or the Reserve Bank of India

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE

PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, DALMIA SECURITIES PRIVATE LIMITED, HAS CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, DALMIA SECURITIES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH (**) 2022 WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE DEBENTURE SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**
3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLESECURITIES) REGULATIONS 2021.**
4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER (TO THE EXTENT NOTIFIED AS ON THE DATE OF THE OFFER DOCUMENT), SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**
5. **WE CONFIRM THAT ALL COMMENTS / COMPLAINTS RECEIVED ON THE DRAFT OFFER DOCUMENT FILED ON THE WEBSITE OF BSE HAVE BEEN SUITABLY ADDRESSED.**

DISCLAIMER CLAUSE OF THE BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED (*) 2022, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED.THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

a. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

b. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**

c. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO

DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF THE RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED APRIL 17, 2007 BEARING REGISTRATION NO. 07-00252 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45-IA OF THE RESERVE BANK OF INDIA ACT 1934.

HOWEVER, A COPY OF THIS PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RESERVE BANK OF INDIA ("RBI"). IT IS DISTINCTLY UNDERSTOOD THAT THIS PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. BY ISSUING THE AFORESAID CERTIFICATE OF REGISTRATION DATED AUGUST 21, 2020 TO THE ISSUER, RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDs.

DISCLAIMER CLAUSE OF CREDIT RATING AGENCY viz. ICRA LIMITED

ICRA RATINGS SHOULD NOT BE TREATED AS RECOMMENDATION TO BUY, SELL OR HOLD THE RATED DEBT INSTRUMENTS. ICRA RATINGS ARE SUBJECT TO A PROCESS OF SURVEILLANCE, WHICH MAY LEAD TO REVISION IN RATINGS. AN ICRA RATING IS A SYMBOLIC INDICATOR OF ICRA'S CURRENT OPINION ON THE RELATIVE CAPABILITY OF THE ISSUER CONCERNED TO TIMELY SERVICE DEBTS AND OBLIGATIONS, WITH REFERENCE TO THE INSTRUMENT RATED. PLEASE VISIT OUR WEBSITE WWW.ICRA.IN OR CONTACT ANY ICRA OFFICE FOR THE LATEST INFORMATION ON ICRA RATINGS OUTSTANDING. ALL INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED BY ICRA FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE, INCLUDING THE RATED ISSUER. ICRA, HOWEVER, HAS NOT CONDUCTED ANY AUDIT OF THE RATED ISSUER OR OF THE INFORMATION PROVIDED BY IT. WHILE REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE INFORMATION HEREIN IS TRUE, SUCH INFORMATION IS PROVIDED 'AS IS' WITHOUT ANY WARRANTY OF ANY KIND, AND ICRA IN PARTICULAR, MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY,TIMELINESS OR COMPLETENESS OF ANY SUCH INFORMATION. ALSO, ICRA OR ANY OF ITS GROUP COMPANIES MAY HAVE PROVIDED SERVICES OTHER THAN RATING TO THE ISSUER RATED. ALL INFORMATION CONTAINED HEREIN MUST BE CONSTRUED SOLELY AS STATEMENTS OF OPINION, AND ICRA SHALL NOT BE LIABLE FOR ANY LOSSES INCURRED BY USERS FROM ANY USE OF THIS PUBLICATION OR ITS CONTENTS.

DISCLAIMER STATEMENT FROM OUR COMPANY

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

DISCLAIMER STATEMENT FROM THE LEAD MANAGER

THE LEAD MANAGER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS PROSPECTUS OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND THAT ANY ONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THE DRAFT PROSPECTUS AND THIS PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDs OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THE DRAFT PROSPECTUS, THIS PROSPECTUS AND THE ABRIDGED PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

UNDERTAKING BY OUR COMPANY

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR COMPANY AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS.

Disclosures in accordance with the DT Circular

Debenture Trustee Agreement

Our Company has entered into a Debenture Trustee Agreement with the Debenture Trustee which provides for, *inter alia*, the following terms and conditions:

a) The Debenture Trustee has agreed for an acceptance fee and annual service charges as agreed in terms of its engagement letter with the Company dated March 10th 2022.

b) The Debenture Trustee, either through itself or its agents / advisors / consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Prospectus/ Offer Document and the applicable laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the applicable laws, the Debenture Trustee, either through itself or its agents/ advisors/ consultants, shall have the power to examine the books of accounts of the company and to have the company's assets inspected by its officers and/or external auditors/ valuers/ consultants/ lawyers/ technical experts/ management consultants appointed by the Debenture Trustee.

c) Our Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, sub-registrar of assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets proposed to secure the NCDs, whether owned by our Company or any other person, are registered/disclosed;

d) The Debenture Trustee shall have the power to either independently appoint, or direct our Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee and the Debenture Trustee shall subsequently form an independent assessment that the assets for creation of security are sufficient to discharge the outstanding amounts on NCDs at all times. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports / certificates / documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by our Company;

e) Our Company has undertaken to promptly furnish all and any information as may be required by the Debenture Trustee, including such information as required to be furnished in terms of the applicable laws and the Debenture Trust Deed on a regular basis;

f) Our Company has agreed that the Issue proceeds shall be kept in the Public Issue Account with a scheduled commercial bank and shall not be utilised by the Company until the Debenture Trust Deed and the relevant security documents are executed and until the listing and trading approval in respect of the NCDs is obtained by our Company; and

g) The Debenture Trustee, *ipso facto* does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by investors for the NCDs.

Terms of reference for exercising due diligence by the Debenture Trustee

As per the SEBI Circular "SEBI/HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218 dated November 03, 2020" titled "Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)" (effective for issues opening on or after April 01, 2021), the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times.

Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the relevant laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

b) Our Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

d) Without prejudice to the above, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ applicable law.

e) The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence ("DD") to be carried out by the Debenture Trustee

DD will be carried out as per SEBI (Debenture Trustee) Regulations 1993, SEBI NCS Operational Circular and other circulars issued by SEBI from time to time.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with applicable law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 03, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

UPON COMPLETION OF DUE DILIGENCE, THE DEBENTURE TRUSTEE CATALYST TRUSTEESHIP LIMITED, HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED MARCH 24, 2022 AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE SEBI CIRCULAR NO. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 DATED NOVEMBER 03, 2020 AND SCHEDULE IV TO SEBI NCS REGULATIONS WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED DOCUMENTS PERTAINING TO THE SAID ISSUE AND OTHER SUCH RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS.**

2. **ON THE BASIS OF SUCH EXAMINATION AND OF THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND ON INDEPENDENT VERIFICATION OF THE VARIOUS RELEVANT DOCUMENTS, REPORTS AND CERTIFICATIONS, WE CONFIRM THAT:**

   a) **THE ISSUER HAS MADE ADEQUATE PROVISIONS FOR AND / OR HAS TAKEN STEPS TO PROVIDE FOR ADEQUATE SECURITY FOR THE NCDS TO BE ISSUED.**
   b) **THE ISSUER HAS BEEN OBTAINED THE PERMISSION/ CONSENTS NECESSARY FOR CREATING SECURITY ON THE SAID PROPERTY(IES) (IF APPLICABLE).**
   c) **THE ISSUER HAS MADE ALL THE RELEVANT DISCLOSURES ABOUT THE SECURITY AND ALSO ITS CONTINUED OBLIGATIONS TOWARDS THE HOLDERS OF THE NCDS.**
   d) **ISSUER HAS ADEQUATELY DISCLOSED ALL CONSENTS/ PERMISSIONS REQUIRED FOR CREATION OF FURTHER CHARGE ON ASSETS IN THE OFFER DOCUMENT AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSE OF THE DEBENTURE TRUSTEE AGREEMENT.**
   e) **ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN THE DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.),**
   f) **ISSUER HAS GIVEN AN UNDERTAKING THAT CHARGE SHALL BE CREATED IN FAVOUR OF DEBENTURE TRUSTEE AS PER THE TERMS OF ISSUE BEFORE FILING OF LISTING APPLICATION.**
   g) **ALL DISCLOSURES MADE IN DRAFT OFFER DOCUMENT WITH RESPECT TO THE DEBT SECURITIES ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE**

We have satisfied ourselves about the ability of the Issuer to service to service the NCDs.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the DT Circular.

Our Company and the Debenture Trustee will execute a Debenture Trust Deed specifying, inter alia, the powers, authorities and obligations of the Debenture Trustee and the Company, as per SEBI regulations applicable for the proposed NCD Issue.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI Circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager Website

Dalmia Securities Private Limited, **www.dalmiasec.com.**

Listing

An application will be made to the Stock Exchange for permission to deal in and for an official quotation of our NCDs, BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants pursuant to this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE mentioned above are taken within 6 (six) Working Days from the date of Closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Consents

Consents in writing of: (a) Directors (b) Company Secretary and Chief Compliance Officer (c) Director (Finance & Operations) and also Chief Financial Officer (d) Chief Financial Officer (e) Public Issue Bank, Refund Bank and Sponsor Bank for the Issue (f) Lead Manager (g) Registrar to the Issue (h) Legal Advisors to the Issue (i) ICRA Limited, the Credit Rating Agency and (j) Debenture Trustee, to act in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with ROC as required under Section 26 and 31 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus with the Stock Exchange.

The consent of the Statutory Auditor of our Company, namely, M/s CSK Prabhu & Co, Chartered Accountants, (FRN:002485S) for inclusion of (a) their name as the Statutory Auditor, (b) examination report on Reformatted Financial Statements in the form and context in which they appear in the Prospectus and (c) the LRR in the form and context in which they appear in the Prospectus, have been obtained and the same will be filed along with a copy of the Prospectus with the RoC. They have not withdrawn their consent up to the time of delivery of the Prospectus with the Stock Exchange.

Expert opinion

Except the following, our Company has not obtained any expert opinions in connection with the Prospectus:

(i) The Statutory Auditor's examination report on Reformatted Financial Statements dated March 12, 2022 and
(ii) Statement of Tax Benefits dated March 24, 2022 issued by M/s CSK Prabhu & Co, Chartered Accountants.

Common form of transfer

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of SCRA / the Companies Act 2013 and all applicable laws shall be duly complied with in respect of all transfer of NCDs and registration thereof.

Minimum subscription

Under the SEBI NCS Regulation, our Company is required to stipulate a minimum subscription amount which it seeks to raise. If our Company does not receive the minimum subscription of 75% of the Base Issue, *i.e.* ₹ 3,750 lakh, within 30 days from the date of Issue of the Prospectus or such other period as may be prescribed by SEBI, the entire application amounts shall be refunded to the Applicants within 8working days from the date of closure of the Issue. Failing which, our Company and our Directors who are officers in default shall be jointly and severally liable to pay the money with interest for the delayed period, at the rate of 15% per annum.

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

Filing of Draft Prospectus

A copy of Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website. Further a copy of the Draft Prospectus has also been uploaded in the website of the Lead Manager and our company.

Debenture Redemption Reserve ("DRR")

In accordance with recent amendments to the Companies Act 2013, and the Companies (Share Capital and Debentures) Rules 2014, read with Regulation 16 of the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures.

Pursuant to the amendment to the Companies (Share Capital and Debentures) Rules 2014, notified on August 16, 2019 and as on the date of filing of this Prospectus, the Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue.

The Company shall, as per the Companies (Share Capital and Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 3lst day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law.

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen per cent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

a. in deposits with any scheduled bank, free from any charge or lien;
b. in unencumbered securities of the Central Government or any State Government;
c. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of Section 20 of the Indian Trusts Act 1882; and
d. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of Section 20 of the Indian Trusts Act, 1882:

Provided that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred to above.

Issue related expenses

The expenses of this Issue include, *inter alia*, lead managers fees and selling commission to lead brokers, fees payable to debenture trustees and the Registrar to the Issue, SCSBs' commission / fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size for an amount not exceeding ₹ 10,000 lakh (assuming full subscription including the retention of over-subscription of an amount not exceeding ₹ 5,000 lakh) are as follows:

(₹ lakh)

Activity	Amount
Fees of LM / Auditors / Debenture Trustee / Registrar to the Issue / Legal Counsel to the Issue, Depositories and Commission / processing fees to SCSBs	(**)
Printing and dispatch of stationery and marketing expenses, brokerage and selling commission	(**)
Other Miscellaneous Expenses including Stock Exchange fees, Stamp Duty and Registration Charges *etc.*	(**)
Total	**(**)**

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

Underwriting

This Issue has not been underwritten.

Reservation

No portion of this Issue has been reserved.

Commissions and brokerage on previous issues

Equity Shares

Our Company came out with a public issue of equity shares during 1984 and mobilized ₹ 75 lakh. The details pertaining to commission and brokerage paid under the said issue is not available.

Non-convertible debentures

1. An amount of ₹ 274.61 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of 1,00,00,000 secured redeemable non-convertible debentures of face value ₹ 100 each issued at par, in terms of the Prospectus dated February 18, 2015, issued under the Debt Regulations.
2. An amount of ₹ 453.47 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 20,00,000 secured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 30, 2016 issued under the Debt Regulations.
3. An amount of ₹ 386.63 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 15,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 28, 2019 issued under the Debt Regulations.

4. An amount of ₹ 385.03 lakh was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 20,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated March 7, 2020 issued under the Debt Regulations.
5. An amount of ₹ 407.27 lakh (as on 31.12.2021) was incurred towards lead manager's fees, underwriting and selling commission in connection with the public issue of up to 20,00,000 secured and unsecured redeemable non-convertible debentures of face value ₹ 1,000 each issued at par, in terms of the Prospectus dated June 25, 2021 issued under the Debt Regulations.

   Except as stated above, our Company had not paid any commission and brokerage in respect of any other previous issue.

Details regarding the capital issue during the last three years by our Company and other listed companies under the same management

a) Our Company

Equity Shares

During last three years, our Company has not made any issue of the Equity Shares, other than the Preferential Issue of equity shares to the extent of 1.47 crore shares.

Preference Shares

Our Company has made allotment of Preference Shares on private placement basis during last three years, the details of which are given as under:

	No. of Preference Shares allotted	Face value (₹)	Issue price (₹)	Nature of Consideration
9% Redeemable Cumulative Preference Shares of ₹ 100 each redeemable at the end of three years				
March 1, 2018	8,35,000	100	100	Cash
April 20, 2018	6,65,000	100	100	Cash
8.25% Redeemable Cumulative Preference Shares of ₹ 100 each redeemable at the end of three years				
February 13, 2021	3,49,000	100	100	Cash
February 26, 2021	4,86,500	100	100	Cash
March 12, 2021	2,00,500	100	100	Cash
March 31, 2021	1,33,000	100	100	Cash
April 19, 2021	331,000	100	100	Cash

b) Other listed company under the same management

The Allotment Committee of Directors of the Sakthi Sugars Limited at its meeting held on March 25, 2014 has allotted 5,94,05,940 fully paid-up Equity Shares of ₹ 10 each at a price of ₹ 30.30 per share (including a premium of ₹ 20.30 per share) to ABT Limited, a company belonging to its promoters group, on preferential basis against the sum of ₹ 18,000 lakh brought in by the said allottee, in terms of the CDR Scheme approved by the CDR Empowered Group and as approved by the members by a special resolution passed through postal ballot on March 20, 2014. Further, Allotment Committee of Directors of the Sakthi Sugars Limited at its meeting held on June 24, 2016 allotted 2,26,35,757 fully paid up Equity Shares of ₹ 10 each at a price of ₹ 27 per share (including a premium of ₹ 17 per share) to ARCIL Limited, by way of conversion of a portion of loan into equity.

Utilization of issue proceeds of previous Issues by our Company and Group Companies

a) Our Company

Except as disclosed below, our Company has not undertaken any public or rights issue of securities:

Equity Shares

Date of Allotment	Nature of Allotment	Number of Securities allotted	Price per instrument (₹)	Aggregate amount raised (₹ lakh)	Utilisation Details
02.11.1984	Public issue	7,50,000	10	75.00	Hire purchase finance

14.07.1986	Right issue	5,25,000	10	52.50	Hire purchase finance
24.02.1988	Right issue	10,38,320	10	103.83	Hire purchase finance
15.07.1989	Right issue	5,25,000	10	52.50	Hire purchase finance
04.06.1993	Right issue	30,88,320	30	926.50	Hire purchase finance
09.12.1995	Right issue	37,44,681	30	1,123.40	Hire purchase finance
31.01.2008	Right issue	1,00,35,660	10	1,003.57	Hire purchase finance
13.03.2020	Preferential Issue	1,47,05,882	17	2500.00	Hire Purchase finance

Secured and Unsecured redeemable non-convertible debentures

Date of allotment	**Nature of Allotment**	**Number of securities allotted**	**Price per instrument (₹)**	**Aggregate amount raised (₹ lakh)**	**Utilisation Details**		
01.04.2015	Public Issue	100,00,000	100	10,000.00		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	10,000.00	
					Less: Issue Expense	274.61	
					Net proceeds from the Issue	9,725.39	100
					Utilized for:		
					a. Hire purchase finance operations	9,725.39	100
					b. General Corporate Purpose	Nil	
					Fully utilized as per the object of the issue stated in the prospectus		
18.05.2016	Public Issue	16,48,708	1,000	16,487.08		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	16,487.08	
					Less: Issue Expense	453. 47	
					Net proceeds from the Issue	16,033.61	100
					Utilized for:		
					Redemption of NCDs	14,298.67	89.18
					General Corporate Purpose #	1,734.94	10.82
16.05.2019	Public Issue	11,70,000	1,000	11,770.00		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	11,770.00	
					Less: Issue Expense	386.63	
					Net proceeds from the Issue	11,383.37	100
					Utilized for:		
					Redemption of NCDs	8815.27	77.44
					General Corporate Purpose #	2568.10	22.56
08.05.2020	Public Issue	10,28,631	1,000	10,286.31		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	10,286.31	
					Less: Issue Expense	385.03	
					Net proceeds from the Issue	9,901.28	100
					Utilized for:		
					Redemption of NCDs	7,426.08	75.00
					General Corporate Purpose #	2,475.20	25.00
29.07.2021	Public Issue	19,85,365	1,000	19853.65		**(₹ lakh)**	**(%)**
					Gross proceeds from the Issue	19,853.65	
					Less: Issue Expense	407.27	
					Net proceeds from the Issue	19,446.38	100
					Utilized for:		
					For the purpose of on-ward lending, financing and for	14,696.38	75.57

					repayment / prepayment of principal and interest of existing borrowings (including Redemption of NCDs) of the Company		
					Deposits with Banks (unutilized)	4,750.00	24.43

The net proceeds raised through public issue has been utilised in the manner stated in the prospectus.

The Company has incurred ₹ 407.27 lakh towards issue expenses against estimated amount of ₹ 400 lakh as disclosed in the Prospectus dated June 25, 2021.

b) Group Companies

Except as disclosed below, our Group Company has not undertaken any public or rights issue of securities:

Sakthi Sugars Limited

Date of allotment	Nature of Securities	Nature of Allotment	Number of securities Allotted	Price per instrument (₹)	Aggregate amount raised (₹ lakh)	Utilisation Details
02.12.1963	Equity shares	Public Issue	39,896	100.00	39.90	Project Finance
25.07.1972	Equity shares	Rights Issue	210,000	10.00	21.00	Project Finance
30.06.1979	Equity shares	Further Public Issue	400,000	10.00	40.00	For working capital
26.10.1979	Equity shares	Further Public Issue	61,940	10.00	6.19	For working capital
27.05.1981	Equity shares	Further Public Issue	38,060	10.00	3.81	For working capital
15.03.1982	Equity shares	Rights Issue	18,43,180	10.00	184.32	For working capital
31.03.1989	Equity shares	Rights Issue	24,29,320	10.00	242.93	Project Finance
14.12.1992	Equity shares	Rights Issue	43,79,176	45.00	1,970.63	Project Finance and working capital

*Note: In May 1972, 75,000 equity shares of ₹ 100 each were split into 7,50,000 equity shares of ₹ 10 each***.**

Details of the use of proceeds for on-lending from previous public issues of debt securities

A. Lending Policy

Please refer to the paragraph **'*Customer Appraisal Process*'** under Chapter titled **'*Our Business*'** at page 103.

B. Loans given by the Company

Our Company has not provided any loans / advances to associates, entities/persons relating to Board, Senior Management or Promoters out of the proceeds of previous issues. The Company has not provided any loans/advances to group entities.

Description of our loan portfolio

A. Types of loans

Types of loan given by the Company as on September 30, 2021 are as follows:

Sl No	Type of Loans	Amount (₹ lakh)
1	Secured	1,09,690.58
2	Unsecured	1,207.07
	Total assets under management (AUM)	**1,10,897.65**

The finances provided are secured by lien on the assets financed.

Denomination of loans outstanding by LTV as on September 30, 2021

Sl No	LTV*	% of AUM
1	Up to 40%	6.50
2	40%-50%	3.52
3	50%-60%	6.92
4	60%-70%	19.38
5	70%-80%	28.70
6	80%-90%	24.66
7	More than 90%	10.32
	Total	**100.00**

**LTV at the time of origination*

Denomination of loans outstanding by ticket size as on September 30, 2021

Sl No	Ticket size**	(%) of AUM
1	Up to ₹ 2 lakh	4.20
2	₹ 2 lakh to 5 lakh	26.27
3	₹ 5 lakh to 10 lakh	53.58
4	₹ 10 lakh to 25 lakh	15.23
5	₹ 25 lakh to 50 lakh	0.24
6	₹ 50 lakh to 1 crore	0.11
7	₹ 1 crore to 5 crore	0.37
8	₹ 5 crore to 25 crore	-
9	₹ 25 crore to 100 crore	-
10	Above ₹ 100 cores	-
	Total	**100.00**

*** Ticket size at the time of origination*
The details provided are as per borrower and not as per loan account.

Geographical classification of borrowers as on *September 30, 2021*

Sl No	Top Five States	% of AUM
1	Tamil Nadu and Puducherry	80.05
2	Kerala	15.64
3	Karnataka	2.53
4	Andhra Pradesh	1.78
	Total	**100.00**

Types of loans according to sectoral exposure, as on *September 30, 2021*, is as follows:

Segment- wise break up of AUM	% of AUM
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	97.02
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-
Others	2.98
Wholesale	-
Infrastructure	-

Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	**100.00**

Maturity profile of total retail loan portfolio of the Company as on *September 30, 2021* is as follows:

Segment- wise break-up of AUM	**Amount (₹ lakh)**
Less than 1 month	5,198.07
1-2 month	4,996.78
2-3 month	5,047.98
3-6 month	13,962.89
6 month -1 year	24,858.26
Above 1 year	56,833.67
Total	**1,10,897.65**

B. Details of top 20 borrowers with respect to concentration of advances as on September 30, 2021

Total Advances to twenty largest borrowers (₹ lakh)	1,574.90
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.44%

C. Details of top 20 borrowers with respect to concentration of exposures as on September 30, 2021

Total Exposures to twenty largest borrowers/Customers (₹ lakh)	913.79
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers / Customers	0.83%

D. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines

Movement of gross NPAs* as on September 30, 2021	**Amount (₹ lakh)**
(a) Opening balance April 01, 2021	5,594.01
(b) Additions during the period	1,837.88
(c) Reductions during the year	(1,131.05)
(d) Closing balance	**6,300.84**

Movement of provisions for NPAs as on September 30, 2021	**Amount (₹ lakh)**
(a) Opening balance April 01, 2021	3,071.18
(b) Additions during the period	636.34
(c) Reductions during the period	(144.70)
(d) Closing balance	**3,562.82**

E. Segment-wise gross NPA as on September 30, 2021

Segment-wise break-up of gross NPAs	**(%)**
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	98.99
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-
Others	1.01

Segment-wise break-up of gross NPAs	**(%)**
Wholesale	
Infrastructure	-
Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	**100.00**

F. ***Classification of borrowings as on September 30, 2021***

Sl No	Type of Borrowings	Amount (₹ lakh)	(%)
1	Secured	58,439.66	52.90
2	Unsecured	52,035.32	47.10
	Total	**1,10,474.98***	**100.00**

**Inclusive of interest*

G. ***Promoter Shareholding***

There is no change in promoter holdings in the Company, during the last financial year, beyond 26% (as prescribed by RBI).

H. ***Residual maturity profile of assets and liabilities as on September 30, 2021***

(₹ lakh)

As at 30.09.2021	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	1,462.39	897.26	654.32	1,057.06	3,537.21	4,408.83	-	-	**12,017.07**
Advances	5,198.07	4,996.78	5,047.98	13,962.89	24,858.26	48,272.07	3,325.24	1,082.70	**106,743.99**
Investments	-	-	-	200.20	240.07	1,181.63	364.31	712.41	**2,698.62**
Borrowings	654.75	442.89	742.68	1,380.96	17,888.97	42,322.53	27,261.77	-	**90,694.55**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

I. ***Our company has not provided any loans / advances to associates, entities / persons relating to the Board, senior*** **management,** ***Promoter except as provided in the Chapter titled "Financial Statements- Related Party Transactions"***. Refer Page F72.

J. ***On-ward lending to borrowers of the "Group" as defined by RBI:***

Name of the Borrower (A)	Amount of advances / exposures to such Borrower (Group) (₹ lakh) (B)	Percentage of exposure (C) = B/Total AUM
Nil	Nil	Nil

Issue of securities for consideration other than cash

Our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no stated dividend policy in connection with our Equity Shares. The declaration and payment of dividend on our Equity Shares is recommended by our Board of Directors and approved by our shareholders, at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend payable in connection with the preference shares issued by our Company are subject to the terms and conditions of the issue in connection with such preference shares.

The following table gives the dividend declared / recommended by our Company on the Preference Shares and Equity Shares for the Financial Years ended 2021,2020 and 2019.

Financial Year ended / Period Ended	Dividend per share (₹)	No. of shares on which dividend paid	Total dividend (₹ lakh)	Amount of dividend distribution tax (₹ lakh)
Equity Shares of face value of ₹ 10 each				
March 31, 2021	0.60	6,47,05,882	388.24	Nil
March 31, 2020	0.60	6,47,05,882	388.24	Nil
March 31, 2019	1	5,00,00,000	500.00	102.78
10% Redeemable Cumulative Preference Shares of face value of ₹ 100 each (Interim Dividend)				
March 31, 2019	10 (on *pro rata* basis)	3,02,450	5.82	1.20
9% and 8.25% Redeemable Cumulative Preference Shares of face value of ₹ 100 each (Interim Dividend)				
March 31, 2021	9 and 8.25	18,34,000	140.28	-
March 31, 2020	9	15,00,000	135.00	-
March 31, 2019	9 (on *pro rata* basis)	15,00,000	131.88	27.11

Auditor's remark

The previous statutory auditors of the Company, M/s P. K. Nagarajan & Co, Chartered Accountants, for the years ended as at March 31, 2021, 2020 and 2019 confirmed that there were no reservations or qualifications or adverse remarks in the financial statements of our Company in the above three years preceding the Prospectus.

Revaluation of assets during last three years

Our Company has not revalued its assets during the last three years.

Change in Auditors of our Company during the last three years

Pursuant to a resolution passed at the Annual General Meeting held on September 30, 2021, our members have appointed M/s CSK Prabhu & Co, Chartered Accountants (FRN: 002485S), as our statutory auditors for a period of three financial years with effect from April 1, 2021 to March 31, 2024 in place of our previous statutory auditors, M/s. P.K. Nagarajan & Co, Chartered Accountants (FRN:016676S) on expiry of their term in accordance with the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and RBI guidelines for appointment of Statutory Auditors of NBFCs, dated April 27, 2021.

Disclosure of track record of past public issues handled by the Lead Manager to Issue

The details of the track record of Dalmia Securities Private Limited, as required by SEBI Circular No. CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on its website.

Debentures, redeemable preference shares and other instruments outstanding by our Company

Apart from the below-mentioned outstanding amount, there are no outstanding debentures, subordinated debt, redeemable preference shares or other instruments issued by our Company that are outstanding as at September 30, 2021.

Particulars	(₹ lakh)
Redeemable, Cumulative, Preference Shares (Unlisted)	1,500.00
Listed, secured, redeemable, non-convertible debentures	29,180.60
Unrated, secured, redeemable, non-convertible debentures (Unlisted)	11,660.10
Listed, unsecured, redeemable, non-convertible debentures in the nature of sub-ordinated debt	10,737.97
Subordinated debt (Unlisted)	23,380.60
Total	**76,459.27**

(excluding interest accrued but not due and unclaimed matured deposits and interest due thereon / unamortised charges)

Mechanism for redressal of investor grievances

The Agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue a period of at least three (3) years from the last date of dispatch of the Allotment Advice, dematerialized credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant's name and Client Identification Number and the collection centre of the Members of the Syndicate where the Application was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the Member of the Syndicate and the relevant Designated Branch of the SCSB concerned in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application. All grievances arising out of Applications for the NCDs made through Trading Members may be addressed directly to the BSE.

The contact details of Registrar to the Issue are as follows:

Link Intime India Private Limited
C-101, First Floor
247 Park, Lal Bahadur Shastri Marg
Vikhroli -West
Mumbai – 400083
Tel No:91 (22) 4918 6200
Fax No: 91 (22) 4918 6195
Email :sakthifinance.ncd2022@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance Email :sakthifinance.ncd2022@linkintime.co.in
Contact person: Ms. Shanti Gopalkrishnan
Compliance Officer: Ms. Shanti Gopalkrishnan
SEBI Registration No: INR000004058
CIN :U67190MH1999PTC118368

Mr. S. Venkatesh, Company Secretary and Chief Compliance Officer, has been appointed as the Compliance Officer of our Company for this Issue. The contact details of Compliance Officer of our Company are as follows:

Mr. S. Venkatesh
Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore - 641018, Tamil Nadu
Tel No: +91 (422) 2231471-474/ 4236207
Fax No: +91 (422) 2231915
Email: svenkatesh@sakthifinance.com

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 7 (seven) Business Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of Allotment Advice, credit of Allotted NCDs in beneficiary accounts, refund instruments and interest on the Application Amount.

Disclaimer in respect of Jurisdiction

The Issue is being made in India to Investors as specified under para **"*Issue Procedure -Who Can Apply*"** on page 180 of the Prospectus. The Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus and the Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. The Debentures are governed by and shall be construed in accordance with the existing Indian laws as applicable. Any dispute arising in respect thereof will be subject to the exclusive jurisdiction for the purpose of the Issue is with the competent Courts of Jurisdiction under Section 2(39) of the Companies Act, 2013, being Hon'ble High Court of Madras and appropriate jurisdictional Courts in Coimbatore, India.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V to SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Trading

Debt securities issued by our Company, which are listed on BSE wholesale debt market, are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in the Prospectus issued by our Company in connection with the issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

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

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him or any other person in a fictitious name shall be liable for action under section 447."

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 and applicable local Goods and Services Tax laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952 and other miscellaneous regulations such as the Trade Marks Act 1999 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

Laws in relation to Non-Banking Financial Companies

(A) The Reserve Bank of India Act 1934 (the "RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising the activities of NBFCs under the RBI Act. The RBI Act defines an NBFC as:

i. *a financial institution which is a company;*
ii. *a non-banking institution which is a company and which has as its principal business of receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or*
iii. *such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the official gazette, specify.*

As per the RBI Act, a financial institution is a non-banking institution, carrying on as whole or part of its business, *inter alia*, the financing of activities other than its own, by making loans, advances or otherwise; the acquisition of shares, stock, bonds, debentures, securities issued by the Government or other local authorities or other marketable securities of like nature; or letting or delivering goods to a hirer under a hire-purchase agreement.

The RBI has, through a press release dated April 8, 1999, clarified that in order to identify a particular company as an NBFC, it shall consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. A company shall be treated as an NBFC, if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of its gross income. Both these tests are required to be satisfied as the determinant factors for principal business of a company.

NBFCs are not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**") from the RBI. Further, every NBFC is required to submit to the RBI a certificate from its statutory auditor within one month from the date of finalization of its balance sheet and in any case not later than December 31st of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR. The RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of its activities.

RBI, vide circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC- Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit-taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC for an amount not exceeding 20% of its owned funds.

An NBFC may be registered as a deposit-accepting NBFC ("**NBFC-D**") or as a non-deposit accepting NBFC ("**NBFC-ND**"). Our Company has been classified as a systemically important **NBFC-D SI**. Based on the BI Circular No.DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, our company has been classified as NBFC-Investment and Credit Company. (**"NBFC-ICC"**).

(B) Regulatory Requirements of an NBFC under the RBI Act

(i) Net Owned Fund

Section 45-IA of the RBI Act, read with an RBI notification dated April 20, 1999, provides that to carry on the business of an NBFC, an entity would have to be registered as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs. For this purpose, the RBI Act has defined 'net owned fund' to mean:

i. the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting:
   a. accumulated balance of losses;
   b. deferred revenue expenditure;
   c. deferred tax asset (net); and
   d. other intangible assets

ii. further reduced by the amounts representing:
   a. investment by such companies in shares of: (a) its subsidiaries (b) companies in the same group and (c) other NBFCs; and
   b. the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (a) subsidiaries of such company; and (b) companies in the same group, to the extent such amount exceeds 10% of (i) above.

According to ND-SI Directions a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than ₹200 lakh may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of ₹ 20 million before April 1, 2017.

(ii) Reserve Fund

In addition to the above, the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually, as disclosed in the statement of profit and loss, before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

(iii) Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated August 26, 2016 and as amended from time to time ("Deposit Directions")

Our Company has been classified as a Deposit-Taking NBFC-Investment and Credit Company, (**"NBFC-ICC**") and accordingly, we are regulated by the Deposit Directions in respect of taking deposits. As per the above Direction, every NBFC-D, shall invest and continue to invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business or any day, not be less than 15% of the "public deposit", as defined under sub-paragraph (xv) of paragraph of applicable Deposit Directions, outstanding at the close of business on the last working day of second preceding quarter and further can invest not less than 10% in unencumbered approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank / bonds of SIDBI / NABARD, the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter. The Deposit Directions further, places the following restrictions on NBFCs-D in connection with accepting public deposits:

a) **Prohibition from accepting any demand deposits:** NBFCs are prohibited from accepting any public deposit which is repayable on demand.

b) **Ceiling on quantum of deposits:** An Investment and Credit Company or a factor (a) having minimum NOF as stipulated by RBI, and (b) complying with all the prudential norms, may accept or renew public deposit, together with the amounts remaining outstanding in the books of the company as on the date of acceptance or renewal of such deposit, not exceeding one and one-half times of its NOF. Provided that, an NBFC-ICC holding public deposits in excess of the limit of one and one-half times of its NOF shall not renew or accept fresh deposits till such time they reach the revised limit.

c) **Prohibition from accepting any deposits from NRIs**: NBFCs are also prohibited from inviting or accepting or renewing repatriable deposits, from Non-Resident Indians under the Non-Resident (External) Account Scheme, at a rate exceeding the rate specified by the RBI for such deposits with Scheduled Commercial Banks (the period of repatriable deposits shall be not less than one year and not more than three years).

d) **Credit-rating:** In the event that the credit rating issued by a credit rating agency recognized by RBI, for an NBFC-ICC, is downgraded below the minimum specified investment grade, with respect to the relevant credit rating agency, the NBFC must (a) forthwith stop accepting public deposits, (b) report the position of the credit rating within fifteen working days to the RBI and (c) reduce, within three years from the date of such downgrading of credit rating, the amount of excess public deposits to nil or the appropriate extent as permitted under the Deposit Directions, by repayment as and when such deposit falls due or otherwise.

e) **Ceiling on rate of interest:** An NBFC cannot invite or accept or renew public deposit at a rate of interest exceeding twelve and half per cent per annum. Such interest may be paid or compounded at rests which shall not be shorter than monthly rests.

f) **Minimum lock-in period:** An NBFC is prohibited from granting any loan against a public deposit or make premature repayment of a public deposit within a period of three months from the date of acceptance of such public deposit.

g) **NBFC failing to repay public deposit prohibited from making loans and investments**
A NBFC-D which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such deposit, cannot grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as such default exists.

(iv) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit-taking Company (Reserve Bank) Directions 2016 by notification no. DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 17, 2020) ("NBFC- SI Directions")

(a) **Capital Adequacy**: Every Systemically Important NBFC shall maintain a minimum capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items and the Tier I Capital in respect of applicable NBFCs (other than NBFC-MFI and IDF-NBFC), at any point of time, shall not be less than 10%. For the above, '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; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of aggregate of Tier I Capital of such company as on March 31 of the previous accounting year. Owned Funds, has been defined in the ND-SI Directions as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any. Further "Tier II Capital" means (a) preference shares not compulsorily convertible into equity; (b) revaluation reserves at a discounted rate of 55%; (c) general provisions and loss reserves, to the extent these are not attributable to an actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of 1.25% of risk weighted assets; (d) hybrid debt capital instruments which possess certain characteristics of equity as well as debt; (e) subordinated debt and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital. At any given time, "Tier II Capital" shall not exceed the total "Tier I Capital" of an NBFC.

(b) **Prudential Requirements:** The NBFC-SI Directions place several requirements that an NBFC must adhere to, *inter alia*, regarding income recognition, income from investments, the need to follow relevant accounting standards, the framing and implementation of an investment policy amongst others.

Further RBI has issued a Master circular ref: RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22 on October 01,2021 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and further issued Circular ref: RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 November 12, 2021, on the same subject issuing certain clarifications. RBI has observed that some lending institutions upgrade accounts classified as NPAs to 'Standard' asset category upon payment of only interest overdues, partial overdues, etc. In order to avoid any ambiguity in this regard, RBI vide above circular has clarified that loan accounts classified as NPAs may be upgraded as 'Standard' asset only if entire arrears of interest and principal are paid by the borrower. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc. the instructions as specified for such cases shall continue to be applicable. This was to be complied with by December 31, 2021.

The classification of Special Mention Account and NPA shall be done as the part of the day end process end of the day process for the relevant date and the SMA or NPA classification shall be the calendar date for which the day end process is run. The Term loan shall be classified as NPA if the interest applied at specific rest remains overdue for 90 days. This was applicable for accounts becoming overdue on or after March 31, 2022.

However, RBI, has vide circular dated February 15,2022 stipulated that the applicability of the classification as of NPA as loan accounts NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower will be applicable for NBFCs from September 30,2022.

(c) **Loan Policy:** As per the NBFC-SI Directions, the Board of Directors granting / intending to grant demand / call loans shall frame a policy for the NBFC which includes, *inter alia,* a cut-off date within which the repayment of demand or call loan shall be demanded or called up and the rate of interest which shall be payable on such loans.

(d) **Non-Performing Assets ("NPAs")**

Under the NBFC-SI Directions, the following shall be considered as 'non-performing assets' ("**NPAs**"), if the accompanying conditions remain in existence for a period of three months or more for Fiscal 2022:

i. Assets, in respect of which interest has remained overdue;
ii. Term loans, inclusive of unpaid interest, when the instalment is overdue, or on which interest amounts remain overdue;
iii. Demand or call loans, which has remained overdue, or on which interest amount remained overdue;
iv. Bills, which have remained overdue;
v. Interest in respect of a debt or income on receivables under the head 'other current assets,' being in the nature of short-term loans / advances, which have remained overdue; or
vi. any dues on account of the sale of assets or services rendered, or reimbursement of expenses incurred, which have remained overdue.

Lease rental and hire purchase instalments shall be considered as NPAs if they remain overdue for three months or more in Fiscal 2022. In addition, where any of the above are classified as NPAs in relation to a borrower, the balance amount outstanding under other all credit facilities extended to them are also classified as NPAs. In terms of the NBFC-SI Directions, any income, including interest, discount, hire charges, lease rentals or other charges on an NPA shall be recognised as 'income' only when it is actually realised.

(e) Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15 per cent of the owned funds of the systemically important NBFC-ND/D, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND/D. Further, the systemically important NBFC-ND/D may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND/D-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND/D-SI not accessing public funds, either directly or indirectly, may make an application to the RBI for modifications in the prescribed ceilings. Any systemically important NBFC-ND/D classified as NBFC-ICC by RBI may, in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund with the approval of its Board of Directors.

The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important NBFC-ND may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC-ND-SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment. All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance. The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund : Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakh.

(f) Asset Classification

The NBFC-SI Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

i. Standard assets, i.e. assets, in respect of which, no default in repayment of principal or interest is perceived, which do not disclose any problems and do not carry more than a normal risk attached to business;

ii. Sub-standard assets, i.e. assets which have been classified as NPAs for a period not exceeding 12 months, or where the terms regarding repayment of the payment or interest have been renegotiated, rescheduled or restructured, until satisfactory performance of the revised terms for a year;

iii. Doubtful assets, i.e. term loans, lease assets, hire-purchase assets or any other asset that has remained substandard for a period exceeding 12 months; and

iv. Loss assets, i.e. assets that have been identified as such by the NBFC, its internal or external auditors, or the RBI during its inspection of the NBFC, to the extent that it has not been written off by the NBFC, or assets adversely affected by the threat of non-recoverability due to the erosion in the value of the security, non-availability of security or a fraudulent act or omission by the borrower.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent.

(g) Provisioning Requirements

An NBFC-SI, after taking into account the time lag between an account becoming an NPA, its recognition, the realisation of the security and erosion over time in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the NBFC-SI Directions as per details given below:

i. Loss Assets: The entire assets shall be written off and if they are permitted to remain in the books of the NBFC, 100% of the outstanding loss assets shall be provided for.

ii. Doubtful Assets: NBFCs are required to make a 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the applicable NBFC has a valid recourse. Additionally, a provision of 20% - 50% of the secured portion shall be made, in accordance with the basis prescribed in the NBFC-SI Directions.

iii. Sub-standard assets: A general provision of 10% of the total outstanding assets shall be made.

iv. Lease Finance and Hire Purchase Assets: NBFCs are required to provide for the total dues, as reduced by (a) the finance charges not credited to the statement of profit and loss and carried forward as unmatured finance charges; and (b) the depreciated value of the underlying asset.

v. Standard Assets: NBFCs are required to make provisions of 0.40% from March 2018 onwards.

The NBFC-SI Directions clarify that income recognition on NPAs and provisioning against NPAs are different aspects of the prudential norms specified therein. The provisioning requirements that such prudential norms specify shall be made on total outstanding balances, without regard to the fact that income on an NPA has not been recognized.

(h) Liquidity Risk Management Framework

All non-deposit taking NBFCs with an asset size of ₹ 100 crore and above, systemically important Core Investment Companies and all deposit-taking NBFCs irrespective of their asset size, shall adhere to Liquidity Risk Management framework issued by RBI dated November 4, 2019. The Liquidity risk management shall rests on the functioning of Board of Directors, Risk Management Committee, Asset Liability Management ("**ALM**") organization including an Asset Liability Committee ("**ALCO**") and ALM support groups and the ALM process including liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and reviews functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30 / 31 days' time-bucket should not exceed the prudential limit of 15% of outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Guidelines on Maintenance of Liquidity Coverage Ratio ("LCR")

In addition, to the above guideline, guidelines the following categories of NBFCs shall adhere to the guidelines on LCR including disclosure standards as provided in Annex III to these Directions:

All non-deposit taking NBFCs with an asset size of ₹ 10,000 crore and above, and all deposit-taking NBFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset **("HQLA")** to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024, as per the time-line given below:

Dec 1, 2020	Dec 1, 2021	Dec 1, 2022	Dec 1, 2023	Dec 1, 2024 onwards
50%	60%	70%	85%	100%

(i) Disclosure Requirements

An NBFC-SI is required to separately disclose in its balance sheet the provisions made as per NBFC-SI Directions without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts for 'provisions for bad and doubtful debts' and 'provisions for depreciation in investments' and shall not be appropriated from the general provisions and loss reserves held, if any, by it. Such provisions for each year shall be debited to the statement of profit and loss and the excess, if any, held as general provisions and loss reserves shall be written back without making adjustment against them.

***(j)* Corporate governance norms**

As per the NBFC-SI Directions, all NBFCs are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and a risk management committee. The audit committee should consist of not less than three members of its board of directors, and it must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced. Nomination Committee is required to ensure 'fit and proper' status of proposed/ existing directors and in order to manage the integrated risk, all NBFCs shall form a risk management committee, besides the asset liability management committee. In addition to this, all NBFCs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis. All NBFCs are also required to put up to the board of directors, at regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC, in conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings, compliance with coverage and review functions, etc. The NBFCs will also have to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm. Our Company has, in this regard, put in place a policy on Internal Guidelines on Corporate Governance.

(k) Fair Practices Code ("FPC")

As per the NBFC-SI Directions, NBFCs having customer interface should mandatorily adopt the guidelines wherein all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs shall ensure that changes in interest rates and charges are effected only prospectively. The board of directors shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level. In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the NBFC, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in accordance with the law and in the matter of recovery of loans, an NBFC shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. NBFC shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

(l) Rating of Financial Product

Pursuant to the NBFC-SI Directions, all NBFCs with an asset size of ₹ 10,000 lakh and above shall furnish information about downgrading / upgrading of the assigned rating of any financial product issued by them within 15 days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

(m) Norms for Excessive Interest Rates

The NBFC-SI Directions directs the board of directors of NBFCs to adopt an interest rate model, taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest should be annualised so that a borrower is aware of the exact rates that would be charged to the account.

(v) RBI Circular No. 2021-22/139 DoS.CO.PPG.SEC.7/11.01.005/2021-22 dated December 14, 2021-Prompt Corrective Action ("PCA") Framework for Non-Banking Financial Companies ("NBFCs")

NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system. Accordingly, RBI has decided to put in place a PCA Framework for NBFCs to further strengthen the supervisory tools applicable to NBFCs and accordingly issued the above circular dated December 14, 2021. The PCA Framework for NBFCs, comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022. The salient features of the directions are as under:

Coverage and applicability

A. The PCA Framework is applicable to the following category of NBFCs: a. All Deposit Taking NBFCs [Excluding Government Companies] (NBFCs-D) and b. All Non-Deposit Taking NBFCs in Middle, Upper and Top three Layers (NBFCs-ND); [Including Investment and Credit Companies, Core Investment Companies (CICs), Infrastructure Debt Funds, Infrastructure Finance Companies, Micro Finance Institutions and Factors]; but [Excluding – (i) NBFCs not accepting/not intending to accept public funds; (ii) Government Companies, (iii) Primary Dealers and (iv) Housing Finance Companies]

B. For NBFCs-D and NBFCs-ND, Capital and Asset Quality would be the key areas for monitoring in PCA Framework. For CICs, Capital, Leverage and Asset Quality would be the key areas for monitoring in PCA Framework.

C. For NBFCs-D and NBFCs-ND, indicators to be tracked would be Capital to Risk Weighted Assets Ratio (CRAR), Tier I Capital Ratio and Net NPA Ratio (NNPA). For CICs, indicators to be tracked would be Adjusted Net Worth/Aggregate Risk Weighted Assets, Leverage Ratio and NNPA.

D. A NBFC will generally be placed under PCA Framework based on the audited Annual Financial Results and/or the Supervisory Assessment made by the RBI. However, the RBI may impose PCA on any NBFC during the course of a year (including migration from one threshold to another) in case the circumstances so warrant.

E. The Reserve Bank may issue a press release when a NBFC is placed under PCA as well as when PCA is withdrawn vis-à-vis a NBFC.

F. The breach of risk threshold categorized as 1, 2, and 3 levels as per details as under would result in invocation of PCA. (For NBFCs-D and NBFCs-ND (excluding CICs) which is applicable for our Company):

Indicator	Risk Threshold-1	Risk Threshold-2	Risk Threshold-3

CRAR	CRAR<15%but≥12%	CRAR<12%but≥9%	CRAR<9%
Tier I Capital Ratio	CRAR <10%but≥8%	CRAR<8%but≥6%]	CRAR<6%]
NNPA Ratio (including NPIs)	>6% but≤9%	>9% but≤12%	>12%

Exit from PCA and Withdrawal of Restrictions under PCA; Once an NBFC is placed under PCA, taking the NBFC out of PCA Framework and/or withdrawal of restrictions imposed under the PCA Framework will be considered:

a. if no breaches in risk thresholds in any of the parameters are observed as per four continuous quarterly financial statements, one of which should be Annual Audited Financial Statement (subject to assessment by RBI); and

b. based on Supervisory comfort of the RBI, including an assessment on sustainability of profitability of the NBFC.

As per this circular RBI has envisaged two-fold corrective actions viz. (a) Mandatory and (b) Discretionary. Under mandatory corrective action RBI has proposed corrective actions depending on the threshold levels. These include restrictive covenant on dividend, infusion of additional equity by the promoters, restriction on branch expansion, restrictions on capital expenditure and restrictions/ reduction in variable operating costs.

The discretionary corrective action envisages special supervisory action (may lead to cancellation of the CoR and winding up of NBFC as a last resort); strategy related corrective action (including recovery measures, business re-engineering process); governance related action (including change of Board of Directors, appointment of administrators and invoking claw back and malus Clauses and other actions); capital related actions; restriction on investment in subsidiaries and group companies, monitoring investment in risk weighted assets etc); credit risk related actions (plans for reduction of NPAs, action for containing generation of fresh NPAs etc) market related actions (restrictions on market related borrowing, restrictions on ALM mis-match etc); HR related actions (restriction of staff compensation and review of specialized training needs) Profitability related actions (restriction on capital expenditure and variable operating costs) operations related actions (restriction on - branch expansion, new business activities, reduction-in leverages and risky assets) and Any other specific action that the RBI may deem fit considering specific circumstances of the NBFC.

(vi) Other RBI Directions

(a) Reserve Bank of India Know Your Customer ("KYC") Master Directions, dated February 25, 2016 ("KYC Directions")

RBI has issued the KYC Directions dated February 25, 2016, (as amended from time to time), which are applicable, *inter alia*, to all NBFCs for the formulation of a 'Know Your Customer' ("**KYC**") policy duly approved by the board of directors of the entity and ensure compliance with it. The KYC policy formulated is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entities are required to ensure compliance with the KYC policy of the entity through specifying who constitutes 'senior management' for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity's policies and procedures, including legal and regulatory requirements, implementing a concurrent / internal audit system to verify the compliance with KYC/AML policies and procedures and the submission of quarterly audit notes and compliance to the audit committee.

(b) ***Scale Based Regulation (SBR):***

A Revised Regulatory Framework for NBFCs on October 22, 2021, the RBI issued a notification on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' (SBR Framework). The SBR Framework will come into effect from October 01, 2022 (except for certain compliance requirements relating to funding of initial public offerings (IPOs) which would be effective from April 01, 2022). Under the SBR Framework, the RBI has introduced four scale-based layers for regulating NBFCs (base layer, middle layer, upper layer, and top layer). Going forward, all NBFCs will be bucketed and regulated under one of these layers. The base layer will have non-deposit taking NBFCs with assets worth up to 10,000 million. Finance firms working as peer-to-peer (P2P) lending, account aggregator firms, non-operative financial holding company (NOFHC) and entities that do not avail of public funds or have any customer interface will also be in this layer. The middle layer will comprise deposit-taking NBFCs irrespective of asset size, non-deposit-taking firms with assets worth Rs 10,000 million or more, as well as housing finance firms. Standalone primary dealers, infrastructure debt fund investment companies and infrastructure finance companies will also come under this category. NBFCs which warrant enhanced regulatory requirements based on a set of parameters and scoring methodology will feature in the upper layer. The top-10 eligible NBFCs in terms of asset size will always be in the upper layer, irrespective of any other factor. The top layer can get populated if the regulator thinks there is a substantial increase in the potential risk from specific NBFCs in the upper layer. The RBI has clarified that the existing regulations and directions notified for NBFCs will continue to apply other than the changes introduced under the SBR Framework.

(c) Non-Banking Financial Company Returns (Reserve Bank) Directions 2016 ("NBFC Returns Directions 2016")

The NBFC Returns Directions 2016 mandate that all NBFCs shall put in place a reporting system for filing of various returns with the RBI. In addition, they also provide for the forms to be filed under various RBI Act and the various directions thereunder. Further, they provide for details and the periodicity of form filings across various categories of NBFCs. An NBFC-ND-SI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and Central Repository of Information on Large Credits ("CRILC") on a quarterly basis as well as all Special Mention Accounts-2 ("SMA-2") status on a weekly basis to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

(d) Enhancement of NBFCs' Capital Raising Option for Capital Adequacy Purposes October 2008 ("Enhancement of Capital Raising Option")

The RBI has issued a notification on the "*Enhancement of Capital Raising Option"* whereby NBFCs-SI have been permitted to augment their capital funds by issuing perpetual debt instruments ("**PDI**") in accordance with the prescribed guidelines provided thereunder. Such PDI shall be eligible for inclusion as Tier I Capital to the extent of 15% of total Tier I Capital as on March 31 of the previous accounting year. The amount of PDI in excess of amount admissible as Tier I Capital shall qualify as Tier II Capital, within the eligible limits.

(e) Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("Auditor Report Directions")

In addition to the Report made by the auditor under Section 143 of the Companies Act 2013 on the accounts of a non-banking financial company examined by him for every financial year ending on any day on or after the commencement of these Directions, for any NBFC-D, the auditor shall also make a separate report to the Board of Directors of the Company on compliances of quantum of acceptance of public deposits (compliance with Deposit Directions), minimum investment grade credit rating, determination of capital adequacy ratio including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR , prudential norms, liquid assets requirement, submission of returns with RBI any default in payment of the interest and/or principal amount to Depositors. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavorable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned regional office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

(f) Monitoring of Frauds in NBFCs (Reserve Bank) Directions 2016 ("Fraud Directions 2016")

As per Fraud Directions 2016 NBFCs are required to put in place a reporting system for recording frauds to RBI and should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the Bank and reporting referred to in these directions. If NBFCs do not adhere to the applicable time-frame for reporting fraud, they shall become liable for penal action. The Fraud Directions 2016 classify frauds into the following categories:

i. Misappropriation and criminal breach of trust;
ii. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;
iii. Unauthorised credit facilities extended for reward or for illegal gratification;
iv. Negligence and cash shortages;
v. Cheating and forgery;
vi. Irregularities in foreign exchange transactions; and
vii. Any other type of fraud.

(g) Information Technology Framework for the NBFC Sector Directions 2017 (the "IT Framework Directions")

The IT Framework Directions have been notified with the view of benchmarking the information technology / information security framework, business continuity planning, disaster recovery management, information technology ("**IT**") audit and other processes to best practices for the NBFC sector. NBFC-SIs are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions provide for the following:

i. **IT governance***:* Under the IT Framework Directions, all NBFCs are required to form an IT Strategy Committee, under the chairmanship of an independent director of the NBFC-SI with the chief information officer and the chief technology officer as mandatory members. The IT strategy committee is empowered to review and amend the IT strategies of the NBFC-SI in line with its corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance and place its deliberations before the board of directors of the NBFC-SI.

ii. **IT policy***:* NBFCs are required to formulate a board-approved IT policy, in line with the objectives of the organisation. Such a policy must mandatorily provide for an IT organisational structure and the appointment of a chief information officer or an in-charge of IT operations. The policy so formed must also ensure the technical competence of senior and middle level management and periodic assessment of IT training requirements.

iii. **Information and cyber security***:* In addition to the IT policy, NBFCs must further formulate a board approved information security policy, which *inter alia* provides for the identification and classification of information assets, segregation of functions, personnel and physical security and incident management. NBFCs are additionally tasked with creating a framework for conducting periodic information security audits. Further, the NBFC must formulate a board approved cyber security policy, which elucidates the strategy of the NBFC on countering cyber threats. Beyond these policies, the IT Framework Directions mandates several additional processes to be put in place, such as a cyber-crisis management plan, strategies for management and elimination of vulnerability and promoting cyber security awareness amongst stakeholders and the board of directors.

iv. **IT operations***:* The IT Framework Directions direct companies to create a steering committee to oversee and monitor IT project and create policies to manage transitions in their IT systems. In addition, it requires NBFCs to put in place various management information systems for various types of data.

v. **Business Continuity Planning***:* NBFCs are required to identify critical business verticals, locations and shares resources, envisage the impact of unforeseen disasters on their business and are required to create recovery strategies or contingency plans in the case of the failure of the same.

vi. ***IT services outsourcing****:* The IT Framework Directions provide for safeguards that an NBFC must adopt in their arrangements with service providers to whom they have outsourced their IT requirements.

(h) Reserve Bank Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs 2017 ("Outsourcing Directions")

The Outsourcing Directions provide for regulating outsourcing activities pertaining to financial services viz. application processing (loan origination, credit card), document processing, marketing and research, supervision of loans, data processing and back office related activities, besides others. The object of the said direction is to protect the interest of the customers of NBFCs and to ensure that the NBFC concerned and the Reserve Bank of India have access to all relevant books, records and information available with service provider. The direction, *inter alia*, provides risk management practices for outsourced financial services, role of the board and Senior Management team and basic framework for the outsourcing agreement, responsibilities of Service Provider for monitoring and control of outsourced activities.

*(i) **Reserve Bank Commercial Paper Directions 2017 ("Commercial Paper Directions")***

The Commercial Paper Directions regulate the issue of commercial papers. Commercial papers may be issued by companies including NBFCs, provided that any fund-based facility they have availed from banks or financial institutions are classified as standard assets by all banks and financial institutions at the time of their issue. The Commercial Paper Directions determine the form, mode of issuance, rating and documentation procedures for the issue of commercial papers. In terms of the Commercial Paper Directions, commercial papers are issued as promissory notes and are to be held in dematerialised form. They are issued at a discount to face value, in a minimum denomination of ₹ 5 lacs or multiples thereof. Issuers, whose total commercial paper issuance in a calendar year is ₹ 1,000 crore or more, must also obtain a credit rating for their commercial papers from at least two credit rating agencies and adopt the lower of these ratings. The minimum rating for a commercial paper shall be 'A3'. The directions further provide for secondary market trading in commercial papers, buyback of commercial papers and the obligations of the issuer, the issuing and paying agent and credit rating agencies in the issue of commercial papers.

***(j) Reserve Bank Ombudsman Scheme, 2018** (“**Ombudsman Scheme**”)*

The RBI has, by its notification No.CPED.PRS.No.3590/13.01.004/2017-18 dated February 23, 2018, implemented the Ombudsman Scheme, *inter alia,* for NBFC-Ds. The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by the NBFC-D to facilitate the satisfaction or settlement of such complaints and matters connected therewith. The Scheme provides appointment of one or more officers not below the rank of general manager as Ombudsman for a period not exceeding 3 years at a time to carry out the functions of Ombudsman under the Scheme. The Scheme will continue to be administered from the offices of the Ombudsman in four centres viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country.

Further, RBI has, by its notification No.CO.CEPD.PRS.No.S874/13-01-008/2021-2022 dated November 15, 2021, directed the Deposit–taking NBFCs with 10 or more branches (applicable to Our Company) to appoint Internal Ombudsman to deal with customer complaints that have been rejected by the NBFC. The Direction stipulates details about the eligibility criteria for appointment, definition of role of Internal Ombudsman, regulatory filings to RBI on the actions taken by the Internal Ombudsman.

(k) Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019

Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 sets out a framework to ensure that there is an early recognition, reporting and time bound resolution of stressed assets. The Stressed Assets Directions apply to (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit Taking Non-Banking Financial Companies (NBFC-ND-SI) and NBFC-Ds. In the event of a default, the said lenders shall recognize the stress in the loan accounts and classify these loan accounts into three categories namely: (i) SMA-0, where the principal and/or interest, whether partly or wholly is overdue between 1-30 days; (ii) SMA-1, where the principal and/or interest, whether partly or wholly is overdue between 31-60 days; and (iii) SMA-2, where the principal and/or interest whether partly or wholly is overdue between 61-90 days. The said lenders shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits (**“CRILC”**), on all borrowers having aggregate exposure of ₹ 500 lacs and above with them. Once a borrower is reported to be in default by any of the lenders mentioned at (a), (b) and (c) hereinabove, the lenders shall undertake a *prima facie* review of the borrower account within thirty days from such default **(“Review Period”)** to *inter alia* decide on a resolution strategy, including nature of the Resolution Plan **(“RP”)**.

During the Review Period for the implementation of an RP, all lenders shall enter into an inter-creditor agreement, which shall among other things provide that any decision agreed by lenders representing 75 per cent by value of total outstanding credit facilities (fund based as well non-fund based) and 60 per cent of lenders by number shall be binding upon all the lenders. In particular, the RPs shall provide for payment not less than the liquidation value due to the dissenting lenders, being the estimated realisable value of the assets of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period.

(l) Financing of NBFCs by bank

The RBI has issued guidelines vide a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies/entities; and (v) further lending to individuals for the purpose of subscribing to an initial public offer.

(m) Reserve Bank of India Circular dated February 03, 2021 on Risk Based Internal Audit for NBFC-D

As per circular bearing reference Ref. No. DoS. CO. PPG/ SEC.05/11.01.005/ 2020-21 dated February 03, 2021, RBI has mandated the Risk Based Internal Audit Framework ("**RBIAF**") for all Deposit-taking NBFCs, irrespective of the size, before March 31, 2022. Being a deposit-taking NBFC, our company has taken steps to comply with the RBI circular within the time frame and our Board of Directors have been apprised of the RBI circular and proposal for putting in place the RBIAF, within the time lines indicated by RBI.

(n) Regulatory measures on account of the COVID-19 pandemic

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021 and Resolution of Monetary Policy Committee dated May 22, 2020 announcing, certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft (**"CC/OD"**), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;

b) permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;

c) permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to June 30, 2021;

d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;

e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the financial year (being, March 31, 2021);

f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (a) above, from the number of days past due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;

g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020; and

h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided:(i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

Pursuant to the order dated September 10, 2020 passed in relation to Gajendra Sharma vs. Union of India & Anr. (Civil Writ Petition No. 825/2020), the Supreme Court has extended its earlier interim order directing that accounts which were not declared as NPAs till August 31, 2020, shall not be declared as NPAs. Further, RBI has on August 6, 2020 notified the "Resolution framework for COVID-19-related stress **("Resolution Framework").** Pursuant to the Resolution Framework, RBI has on September 7, 2020, which requires all lending institutions to mandatorily consider certain specified key ratios while finalizing the resolution plans in respect of eligible borrowers (in terms of the Resolution Framework). The Hon'ble Supreme Court has, by its judgement dated March 23, 2021, ordered that the moratorium will not be extended beyond March 31, 2020 and has also ordered that the interest on interest levied shall be waived to all borrowers, irrespective of size. RBI has directed the lending institutions to put in place a board approved scheme for the refund of the interest on interest levied by them during the Covid 19 moratorium period.

(o) SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("SEBI NCS Regulations")

The Securities and Exchange Board of India, on August 09, 2021, notified the SEBI NCS Regulations, thereby merging the SEBI (Issue and Listing of Debt Securities) Regulations ("SEBI Debt Regulations") and the SEBI (Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("NCRPS Regulations") into a single regulation. The proposal to merge the two regulations was first introduced by way of a consultation paper released on May 19, 2021, which sought to align the extant regulations with the provisions of the Companies Act 2013, and incorporate the enhanced obligations of debenture trustees, informal guidances and provisions of circulars issued by SEBI. The SEBI NCS Regulations came in to force from the seventh day of their notification in the gazette, i.e. from August 16, 2021. The SEBI Debt Regulations and the NCRPS Regulations stand repealed from this date. The SEBI NCS Regulations have aligned the extant regulations with the provisions of the Companies Act 2013, and incorporate the enhanced obligations of debenture trustees, informal guidance and provisions of circulars issued by SEBI. The SEBI NCS Regulations apply to: (i) the issuance and listing of debt securities and non-convertible redeemable preference shares (NCRPS) by an issuer by way of public issuance; (ii) issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and (iii) listing of commercial paper issued by an issuer in compliance with the guidelines framed by the RBI.

In addition to collating the existing provisions of the erstwhile regulations, the SEBI NCS Regulations, also provide for, change in disclosure requirements for financial and other information from past five years to three years; parameters for identification of risk factors; removal of restriction of four issuances in a year through a single shelf prospectus; and filing of shelf prospectus post curing of defaults.

(p) RBI circular on Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package dated April 07, 2021 ("RBI Circular on Asset Classification")

RBI Circular on Asset Classification gives effect to the judgement of the Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association v. Union of India and others dated March 23, 2021 and requires all lending institutions, to immediately put in place a board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period, i.e., March 01, 2020 to August 31, 2020 in conformity with the judgement. To ensure that the judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalized by the Indian Banks Association in consultation with other industry participants/ bodies, which shall be adopted by all lending institutions. The reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, in terms of the RBI circulars on COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020.Lending institutions shall disclose the aggregate amount to be refunded/ adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021.

(q) SEBI Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitized Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) on August 10, 2021 ("SEBI Operational Circular")

Following the SEBI's notification of the SEBI NCS Regulations, to merge the SEBI Debt Regulations and the NCRPS Regulations into a single regulation, SEBI has issued the SEBI Operational Circular. Since the notification of the SEBI Debt Regulations and the NCRPS Regulations, SEBI had issued multiple circulars covering the procedural and operational aspects of the substantive law in these regulations. Therefore, the process of merging these regulations into the SEBI NCS Regulations also entails consolidation of the related existing circulars into a single SEBI Operational Circular, in alignment with the NCS Regulations. The stipulations contained in such Circulars have been detailed chapter-wise in the SEBI Operational Circular. Accordingly, the circulars listed at Annex-1 of the SEBI Operational Circular, stand superseded by the SEBI Operational Circular.

Laws in relation to the recovery of debts

(a) Insolvency and Bankruptcy Code 2016 (the "IB Code")

The IB Code primarily enables time-bound reorganisation and insolvency resolution of debtors. The primary objectives of the IB Code are:

i. to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time-bound manner for maximisation of value of assets of such persons;

ii. to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders, including alteration in the order of priority of payment of Government dues; and
iii. to establish an Insolvency and Bankruptcy Board of India.

The IB Code specifies two different sets of adjudicating authorities to exercise judicial control over the insolvency and liquidation processes:

i. In the case of companies, limited liability partnerships and other limited liability entities, National Company Law Tribunals ("**NCLT**") shall act as the adjudicating authority; and appeals therefrom shall lie with the National Company Law Appellate Tribunal ("**NCLAT**").
ii. In case of individuals and partnerships, Debt Recovery Tribunal ("**DRT**") shall act as the adjudicating authority and appeals therefrom shall lie with the Debt Recovery Appellate Tribunal ("**DRAT**").

The Supreme Court of India shall have appellate jurisdiction over NCLAT and DRAT.

The IB Code governs two corporate insolvency processes, i.e. (i) insolvency resolution; and (ii) liquidation:

i. ***Insolvency resolution**:* Upon a default by a corporate debtor, a creditor or the debtor itself may initiate insolvency resolution proceedings. The IB Code prescribes a timeline of 180 days for the insolvency resolution process, subject to a single extension of 90 days, during which there shall be a moratorium on the institution or continuation of suits against the debtor, or interference with its assets. During such period, the creditors and the debtor will be expected to negotiate and finalise a resolution plan, with the assistance of insolvency resolution professionals to be appointed by a committee of creditors formed for this purpose. Upon approval of such a plan by the adjudicating authority, it shall become binding upon the creditors and the debtor.

ii. ***Liquidation**:* In the event that no insolvency resolution is successfully formulated, or if the adjudicating authority so decides, a liquidation process may be initiated against the debtor. A liquidator is appointed, who takes the assets and properties of the debtor in his custody and verifies claims of creditors, selling such assets and properties and distributing the proceeds therefrom to creditors.

The bankruptcy of an individual can be initiated by the debtor, the creditors (either jointly or individually) or by any partner of a partnership firm (where the debtor is a firm), only after the failure of the Insolvency Resolution Process ("**IRP"**) or non-implementation of repayment plan. The bankruptcy trustee is responsible for administration of the estate of the bankrupt and for distribution of the proceeds on basis of the priority set out in the Code.

In addition, the IB Code establishes and provides for the functioning of the Insolvency and Bankruptcy Board of India ("**IBBI**") which functions as the regulator for matters pertaining to insolvency and bankruptcy. The IBBI exercises a range of legislative, administrative and quasi-judicial functions, *inter alia*, in relation to the registration, regulation and monitoring of insolvency professional agencies, insolvency professionals and information utilities; publish information, data, research and studies as may be specified; constitute committees as may be required; and make regulations and guidelines in relation to insolvency and bankruptcy.

With recent notifications, IB Code covers NBFCs as well under the Corporate Insolvency Resolution Process. The creditors to NBFCs can approach the NCLT for insolvency resolution/ liquidation process against the NBFCs.

(b) Recovery of Debts due to Banks and Financial Institutions Act 1993 ("Debts Recovery Act")

The Debts Recovery Act provides for establishment of DRTs for expeditious adjudication and recovery of debts due to a bank or financial institution, or a consortium of banks or financial institutions. The Debts Recovery Act is only applicable to such debts as are for a sum that is greater than ₹ 1 million, or in the case of particular debts that the Central Government may specify, greater than ₹ 0.1 million. A DRT established under the Debts Recovery Act exercises jurisdiction over applications from banks and financial institutions for the recovery of debts due to them and no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher Courts in India in certain circumstances. The Debts Recovery Act also provides for the establishment of DRATs and any appeal from any order of a DRT lies with a DRAT. Further, the Debts Recovery Act provides for the procedure to be followed in proceedings before a DRT or DRAT.

(c) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 ("Securitisation Act")

The Securitisation Act grants certain special rights to banks and financial institutions to enforce their security interests upon non-payment of a secured debt. The Securitisation Act provides that a secured creditor may, in the case of a default in payment of a debt or an instalment thereof, classify the account of the borrower as an NPA, and give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the following rights accrue to the secured creditor:

i. taking possession of the assets constituting the security for the loan, including the right to transfer the assets by way of lease, assignment or sale of the asset;
ii. taking over the management of the business of the borrower, including the right to sell or otherwise dispose of the assets, in case a significant portion of the debtor's business is held as security;
iii. appointment of a manager to manage the secured assets; and
iv. requiring that any person who has acquired any of the secured assets from the borrower and from whom any money is or may become due to the debtor, to pay the secured creditor instead.

Where a secured creditor seeks to take a secured asset into its possession or sell or transfer it under the provisions of the Securitisation Act, the secured creditor may make a written request to the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction the secured asset or relevant documents may be situated or found. Upon such request, the Chief Metropolitan Magistrate or District Magistrate may take possession of such assets and/or relevant documents and forward it to the creditor, using or directing the use of such force as may be necessary. In addition, the secured creditor may file an application before a DRT or a competent court for recovery of balance amounts, if any, and may take any other measures for the recovery of debts.

Further, the Securitisation Act provides for the creation of a central database by the Central Government for recording rights over any property or creation, modification or satisfaction of any security interest thereon. This registry is to be integrated with registration records under various central registrations, including the Companies Act, 2013, the Registration Act, 1908 and the Motor Vehicles Act, 1988. Any registration of transactions for creation, modification or satisfaction of security interest by a creditor or filing of attachment orders shall be deemed to constitute a public notice. Where a security interest or attachment order upon property in favour of a creditor is filed for registration, the claim of such creditor has priority over any subsequent security interest, transfer or attachment order upon the property.

In addition, the Securitisation Act regulates 'asset reconstruction companies', which are companies intended to carry on the business of securitisation or asset reconstruction. An asset reconstruction company, upon being registered by the RBI, may acquire the financial assets of a bank or financial institution, whereupon it shall be deemed to become the lender in place of the bank in relation to such financial assets, and all rights of the bank or financial institution in relation to such financial assets shall vest in the asset reconstruction company. For the purposes of asset reconstruction, an asset reconstruction company may, *inter alia,* provide for the management of the business of a borrower (including a change in or takeover of its management), sale or lease of the business of a borrower, rescheduling payment of debts, settlement of dues, enforcement or possession of security interests, or conversion of debt of a borrower into shares.

Anti-Money Laundering laws

i) Prevention of Money Laundering Act 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering. The Government, under the PMLA, has issued the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 **("PML Rules")**. The PMLA and PML Rules place various obligations upon banks, financial institutions and other intermediaries in relation to the maintenance of records of all transactions, verification of clients and identification of beneficial owners of clients.

ii) 'Know Your Customer' ("KYC") Guidelines – Anti Money Laundering Standards ("AML") 'Prevention of Money Laundering Act 2002 - Obligations of NBFCs in terms of Rules notified thereunder' ("PMLA Master Circular")

The RBI has issued the PMLA Master Circular dated July 1, 2015 to ensure that a proper policy framework for the implementation of the PMLA and PML Rules is put into place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of internal reporting for: (i) all cash transactions of value of more than ₹ 10 lakh; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakh where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million.

Under the PMLA Master Circular, all NBFCs are required to introduce a system of maintaining a proper record of certain transactions, and for the proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further, NBFCs shall exercise on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Laws in relation to foreign investment and external commercial borrowing

(i) Foreign Exchange Management Act 1999 ("FEMA")

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("**FDI**") Policy and Foreign Exchange Management Act 1999 ("**FEMA**"). The government bodies responsible for granting foreign investment approvals are the ministries / departments concerned of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to ministries / departments concerned. Subsequently, the Department of Industrial Policy & Promotion ("**DIPP**") issued the Standard Operating Procedure for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the administrative ministry/department concerned shall act as the competent authority (the "**Competent Authority**") for the grant of *post facto* approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict, FEMA prevails.

The Consolidated FDI Policy consolidates the policy framework in place as on October 15, 2020. Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India (updated from time to time). Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100% FDI/ Non-Resident Indian ("**NRI**") investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

(ii) External Commercial borrowing ("ECB")

External Commercial Borrowings (**"ECB"**) are commercial loans raised by eligible resident entities from recognised non-resident entities. ECB transactions are governed by clause (d) of sub-section 3 of section 6 of FEMA and by various regulations, notifications and RBI circulars, which have been consolidated in the RBI Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers, dated January 1, 2016 and read in conjunction with RBI Circular dated January 16, 2019 **("ECB Master Direction" / "New ECB framework")**. Under the above Master Direction and New ECB framework, a permitted resident may borrow from a recognised non-resident entity through bank loans; floating / fixed rate notes / bonds / (other than fully and compulsorily convertible instruments; trade credit beyond 3 years; FCCBs: FCEBs and financial Lease. Further plain Vanilla Rupee Denominated Bonds (RDBs) which can be placed privately or listed on exchanges as per host country regulations (only for INR denominated ECBs).

Borrowings through ECB may be raised through one of two options:

(i) Foreign Currency denominated ECB
(ii) INR denominated ECBs

Salient covenants of ECBs:

(a) Minimum Average Maturity Period ("**MAMP**") of 3 years (manufacturing companies can raise up to US $ 50 million with 1 year MAMP). If the ECB is raised from foreign equity holder and used for working capital, general corporate purposes or for repayment of Rupee loans will have MAMP of 5 years.
(b) All-in-cost ceiling is Benchmark rate plus 450 bps. Prepayment charges / Penal interest shall not be more than 2% over and above contracted rate on the outstanding principal amount and will be outside the all-in-cost ceiling.

ECB may be raised by either automatic route or the approval route. Under the automatic route, ECB cases are examined by the Authorised Dealer Category-I, to whom the RBI has delegated the function of monitoring and approving ECB transactions. In borrowings through the approval route, the prospective borrowers are required to forward requests to the RBI through an authorised dealer. The ECB Master Directions prescribe individual limits of ECB that may be raised by an entity under the automatic route per Fiscal, beyond which, the ECB proposals of such entities shall come under the approval route. Accordingly, an AFC is permitted to raise up to USD 750 million or equivalent through the automatic route.

Labour law regulations

We are required to comply with certain labour and industrial laws, which includes Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, amongst others.

Tax legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, the Interstate Goods and Services Tax Act, 2017, various state goods and services tax legislations, the Income Tax Act, the Income Tax Rules, local body taxes in respective states and various applicable GST notifications and circulars.

Electricity Sector Regulations

Our Company also generates power from windmills and sells it to Tamil Nadu Electricity Board and Gujarat UrjaVikas Nigam Limited. The following laws and regulatory requirements are applicable to our Company.

1. ***The Ministry of New and Renewable Energy ("MNRE") regulations***

The MNRE is the Central Government ministry with the mandate for formulating schemes and policies for the research, development, commercialisation and deployment of renewable energy systems / devices for various applications in rural, urban, industrial and commercial sector. The MNRE has issued a number of guidelines and schemes on power generation through renewable sources, including a 'Special Programme on Small Wind Energy and Hybrid Systems'. In order to ensure quality of wind farm projects and equipment, the MNRE introduced the "Revised Guidelines for wind power projects" ("**MNRE Guidelines**") on June 13, 1996 for the benefit of state electricity boards, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated and issued. The MNRE Guidelines among other things makes provision for proper planning, siting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines lay down guidelines for the planned development and implementation of wind power projects.

The MNRE Guidelines set out the conditions that are required to be met for establishing wind farms and manufacturing and supplying equipment for wind power projects. These conditions include submission of detailed project reports, approval of sites for wind power installations, type certification by independent testing and certification agencies (either the Centre of Wind Energy Technology, Chennai or the International certification agency). Further, all installations are to be carried out only on sites that are approved for wind power projects by the MNRE. The MNRE Guidelines stipulate that a no objection certificate will be issued only after analysing the wind data to ensure adequate availability of wind at the specific site. Also, no approval will be granted for a wind power project which involves the installation of used wind turbines imported into India.

2. ***The Indian Renewable Energy Development Agency Limited ("IREDA")***

The IREDA is a public limited government company under the administrative control of the MNRE and in engaged in encouraging the production of energy through renewable sources. In this respect, the IREDA offers financial support to specific projects and schemes for generating electricity, and promotes the energy conservation through by improving the efficiency of systems, processes and resources engaged in energy production and distribution. In particular, the IREDA offers scheme and incentives for the promotion of wind based energy production.

3. ***Electricity Act 2003***

Under the Electricity Act 2003, which repealed all the earlier enactments pertaining to this sector, the activity of generation of wind power does not require any license or permission. Persons engaged in the generation of electricity from wind power are required to register the project being undertaken with State Nodal Agency and obtain permission for inter-grid connectivity from the utility. The government has also announced draft National Electricity Policy in 2021 to guide the development of the electricity sector in India including promotion of clean and sutainable generation of electricity and development of efficient energy market.

The electricity generated from the wind power project can be used for captive consumption, sale to utility or for transaction under open access as per the prevailing state policy as well as regulatory orders, if any. Various states have announced administrative policies relating to wheeling, banking and buy-back of power.

Further, the Electricity Act 2003 also mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. As far as the tariff and wheeling charges are concerned, it is stipulated that they should be decided by respective regulatory commissions as provided under the Electricity Regulatory Commissions Act, 1998.

4. ***Electricity Regulatory Commissions***

Electricity Act, 2003 retains the two-level regulatory system for the power sector. At the Central Level, the Central Electricity Regulatory Commission ("**CERC**") is responsible for regulating tariff of generating stations owned by the central government, or those involved in generating or supplying in more than one States, and regulating inter-state transmission of electricity. The State Electricity Regulatory Commissions ("**SERCs**") on the other hand regulate intra-state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, 2005, Tariff Policy, 2006 and the National Electricity Plan while discharging their functions under Electricity Act, 2003. The Electricity Regulatory Commissions are also guided by any direction given by the central government for CERC or the state government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licenses, settling disputes between the generating companies and the licensees. The Electricity Regulatory Commissions are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

The CERC has recently notified the CERC (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations on January, 14, 2010 for the promotion of power generation through renewable sources of energy. In this respect, these regulations contemplate two categories of certificates, solar and non-solar certificate. The CERC has designated the National Load Dispatch Center to issue registration certificates and undertakes to provide for the floor price (minimum) and forbearance price (maximum) for non-solar certificates.

Laws relating to intellectual property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLES OF ASSOCIATION*

OF

SAKTHI FINANCE LIMITED

INTRODUCTION

1. The regulations contained in Table "A" in Schedule I to the Companies Act 1956 save as reproduced hereunder, shall not apply to the Company.

2. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof. In these Articles, unless there be something in the subject or context inconsistent therewith or unless the context otherwise requires:

   a) " The Act " means the Companies Act 1956 as amended from time to time;

   b) " The Articles " mean these Articles of Association as originally framed or as altered from time to time;

   c) " The Company" or " this Company" shall mean " SAKTHI FINANCE LIMITED";

   d) " The Office " means the Registered Office for the time being of the Company;

   e) " Register " means the Register of Members of the Company required to be maintained under Section 150 of the Act;

   f) " Members" or " Shareholders " mean the duly registered holders of the shares as entered in the Register of Members of the Company;

   g) " Seal " means the Common Seal of the Company;

   h) " In writing " or " written " means and includes printing, typing, lithographing and other modes of reproducing words in a visible form;

   i) " Year " and " month " mean calendar year and calendar month respectively according to the British Calendar;

   j) " Rules " mean rules as framed by the Board of Directors for the conduct of the business of the Company under these Articles;

   k) Words importing the singular number include, where the context requires, the plural number and *vice versa*.

* New set of Articles of Association adopted at the Extra-Ordinary General Meeting of the Company held on 21st January 1984.

   l) Words importing the masculine gender include the feminine gender; and

   m) Words importing persons shall, where the context requires, included corporate bodies and companies as well as individuals.

SHARES

3.* The Authorised Share Capital of the Company shall be as per Clause 5 of the Memorandum of Association of the Company.

4. The Shares of the Company shall be under the control and discretion of the Board who may allot or otherwise dispose of the same or any of them to such person or persons (whether a Member of the Company or not) for the consideration, in such proportion and on such terms and conditions and at such time or times as the Board may, in their absolute discretion think fit and such shares may be issued either at a premium or at par or at discount as per the provisions of the Companies Act 1956, in particular, the Board may issue and allot shares towards payment or adjustment made.

   i) For the properties or goods or machinery bought by the Company; or
   ii) For the discharge of loans or other liabilities of the Company; or
   iii) For the service rendered to the Company; or
   iv) For the amounts spent for the purpose of the Company or for the conduct of the business of the company.

   Any such shares may be issued and allotted as fully paid up shares, as the case may be, provided the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

5. The Company shall have power to issue Preference Shares, including Convertible Cumulative Preference Shares, liable to be redeemed in any manner permissible under the Companies Act 1956 and the Directors may subject to the provisions of the Act, exercise such power in any manner they think fit and provide for the redemption of such shares on such terms, including the right to redeem at a premium or otherwise, as they think fit.

6. The Board, may, subject to the provisions of the Act, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the Company or his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful and reasonable.

* (This clause has been altered by passing Special Resolution at the Annual General Meeting held on 24‘h September 2016)

7. Any application signed by any applicant or by any other person on his behalf for shares in the Company or where the power of attorney or other authority under which such application is signed, a notarially certified copy of that power of attorney or authority is deposited at the Registered Office of the Company. Any application signed on behalf of such person, followed by an allotment of any share therein, shall be acceptable of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares or whose name is in the Register shall, for the purpose of these Articles, be a Member of the Company.

8. Shares may be registered in the name of person, Company, Registered Society or other Body Corporate. Not more than four persons shall be registered as joint holders of any shares.

9. Where two or more persons are registered as joint holders of any share, they shall be deemed to hold the same as joint tenants with benefits of survivorship, subject to the following conditions.

   a. The person whose name stands first in the Register in respect of such shares, share alone be entitled to delivered of the certificate thereof as also dividend on such shares;

   b. The joint holders shall, severally as well as jointly, be liable for the payment of all instalments and calls due in respect of such shares;

   c. In case of death of any one or more such joint holders, the survivor(s) shall be the only person(s) recognised by the Company as having any title or interest in such share, but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holder from any liability on the shares held by him jointly with any other person;

   d. All notices directed to be given to the members shall be given to whichever of such person is named first in the register and notice so given shall be sufficient notice for all the joint holder of such shares.

10. Every shareholder or his executor, administrator or legal representative, having in his control or at his disposal assets of the deceased shareholder, shall pay to the Company the proportion of the capital which may for the time being remain unpaid thereon at such time and in such manner as the Board shall think fit.

11. Every person whose name is entered as a member in the Register of Members shall be entitled to receive within three months after allotment (or within such other period as the conditions of issue shall provide) or one month after the application for the registration of transfer, a certificate under the Common Seal of the Company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one share certificate and delivery of a certificate for a share to such person whose name stand first in the Register of Members, shall be sufficient delivery to all such holders. Share certificates shall be issued in market lots without payment of any fees. Where share certificates are issued for either more or less than marketable lots, sub-division/ consolidation into market lots shall be done free of cost.

12. If any certificate be worn out or defaced, then upon production thereof to the Company, the Company, in cancellation of the old certificate, shall issue a new certificate in lieu thereof. If any member requires the certificate pertaining to more than one share to be split into two or more certificates pertaining to one or more shares, the Company may cancel the old certificates and issue new certificate. If any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given and on the payment of out of pocket expenses incurred by the Company in investigating evidence a new certificate in lieu thereof shall be given to the registered holder of the shares to which such lost or destroyed certificate shall relate.

13. For every certificate issue under the last preceding clause, there shall be paid to the Company the sum of Rupees two or such smaller sums as the Directors may determine, provided that no fee shall be charged for issue of new certificates in replacement of which are old, decrepit or worn out or cut or where the cages on the reverse for recording transfers have been fully utilised.

14. Every endorsement on the certificate incorporating transfer of shares mentioned therein shall bear the signature of a Directors or such other person as shall from to time be authorised by the Directors for the purpose.

15. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him at the time and place appointed by the Board. A call may be made payable by instalments shall be deemed to have been made when the resolution of the Board authorising such call was passed.

16. The Board, may from time to time, by resolution passed at a meeting of the Board and not by circular resolution, make such calls as they think fit, upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of nominal value of shares or by way of premium) and not by the conditions of allotment thereof, made payable at fixed times and each member shall pay the amount of every call so made on him to the Company, at the time or times and place or places so specified, the amount called on his shares. A call be revoked or postponed at the discretion of the Board.

17. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the instalment shall be due shall pay interest for the same at such rate as may, from to time, be fixed by the Board from the day appointed for the payment thereof to the time of the actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

18. If by the terms of issue any share or otherwise, any amount is made payable upon allotment or at any fixed time or by instalments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall related to such amount or instalment accordingly.

19. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the amount remaining unpaid on any shares held by him and upon the money so paid in advance or so much thereof as exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate as may be fixed by the Board. Money so paid in excess of the amount of calls shall not rank

for dividends or confer a right to participate in profits or for the purpose of voting. The Board may at any time repay the amount so advanced upon giving to such member not less than fifteen days' notice in writing.

20. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered is or was when the claim arose, on the Register of Members of the Company as the holder of one or more shares at or subsequent to the date on which the money sought to be recovered is alleged to have become due; that the resolution making the call is duly recorded in the Minutes Book of the Board and the notice of such call was duly given to the member or his representatives in pursuance of these Articles.

21. The money, if any, which the Board shall, on allotment of any shares being made by it require or direct to be paid by way of deposit, premium, call or otherwise in respect of any shares allotted by it shall immediately on the inscription of the name of the allottee in the Register of Members become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

22. Save as herein otherwise expressly provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound, except as ordered by a Court of competent jurisdiction or as by statute required, to recognise any trusts whatsoever or any mortgage or charge thereon or any contingent, equitable future, partial or any other claim to or interest in such share on the part of any person other than the registered holder, his executor or administrators or other legal representatives and other than such rights upon transmission as hereinafter provided.

23. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason for such non-payment.

24. The notice shall name a day (not being less that fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. the notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

25. If the requirements of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

26. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.

27. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, reallot or otherwise dispose of the same upon such terms and in such manner as the Board shall think fit.

28. The Board may, at any time before any share so forfeited shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit or they may assign a smaller number of shares in respect of the paid up value of forfeited shares.

29. A person whose share has been forfeited shall cease to be a member in respect of that share, but shall, notwithstanding remain liable to pay and shall forthwith pay to the Company, all calls or instalments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment at such rate as may be fixed by the Board and the Board may enforce the payment thereof or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. However, the liability of such a person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

30. The forfeiture of a share shall involve the extinction of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

31. Upon any sale after forfeiture or surrender or for enforcing a lien purported to have been exercised by virtue of the powers given, the Board may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold. A duly verified declaration in writing that the declarant is a Director, Secretary or Manager of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

32. The provisions of these Articles as to the forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

33. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up share) registered in the name of each member (whether solely or jointly with others) for all moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this Article.

34. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice.

35. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to be purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificate in respect of shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

36. The net proceeds of the sale shall be received by the Company and after payment of the cost of such sale shall be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall be paid to such member, his executors, or administrators or assigns or other legal representatives as the case may be.

TRANSFER AND TRANSMISSION OF SHARES

37. Shares in the Company shall be transferred in accordance with the relevant provisions of the Act. The instrument of transfer shall be in writing and in such form as shall from time to time be prescribed under the relevant provisions of the Act.

38. Save as provided in Section 108 of the Act, the Company shall not register a transfer of shares unless proper instrument of transfer duly stamped and executed by or on behalf of the transferor or all the transferors in the case of joint holders, as well as the transferee has been delivered to the Company, along with the certificate relating to the shares. Each signature to such transfer shall be duly attested by one witness who shall add his address.

39. The Directors in their absolute and uncontrolled discretion may, subject to the right of appeal conferred by the Act, refuse to register any proposed transfer of shares whether the proposed transferee is a member of the Company or not, and shall not be bound to give any reason for such refusal. However, the registration of transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person(s) indebted to the Company on any account whatsoever.

40. 1) An application for the registration of transfer of the shares in the Company may be made either by the transferor or the transferee.

2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes `no objection' to the transfer within two weeks from the receipt of the notice.

3) For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is despatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

41. No transfer shall be made to an insolvent or a person of unsound mind or a partnership in the name of the firm and provided in the case of partly paid shares no transfer shall be made in the name of a minor.

42. Every instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

43. Every instrument of transfer shall be left at the office for registration accompanied by the Certificate of the shares to be transferred, and such other evidence as the Directors may require to prove the title of the transferor of his right to transfer the shares, the transferee shall (subject to the Board's right to decline to Register as herein before mentioned) be registered as a member in respect of such shares. The Directors may waive the production of any certificate upon evidence satisfactory to them of its loss or destruction and on executing an indemnity bond to that effect by the transferor.

44. In no case, shall the Board be bound to inquire into the validity, legal effect or genuineness of any instrument of transfer produced by a person claiming transfer of any share in accordance with these Articles and whether they abstain from so inquiring, or do so inquire, or are misled, the transferor shall have no claim whatsoever upon the Company in respect of the share except for the dividends previously declared in respect thereof and not paid, but his claim, if any, shall be against the transferee only.

45. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the directors may decline to register shall be returned to the person depositing the same.

46. No fees shall be charged for registration of transfers or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents. When a shareholder changes his name or who being a female, marries, may give notice to the Company of the change of name or of the marriage so that the same may be registered with the Company.

47A. The executors or administrators of a deceased member, (not being a joint holder) shall be the only persons recognised by the Company as having any title of the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators, unless they have first obtained probate or letter of administration as the case may be, from a competent court in India, provided that in any case where the Directors, in their absolute discretion think fit, they may dispense with the production of probate or letters of administration.

47B. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title of interest in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it in this behalf or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto.

47C.1) If the person becoming entitled to any share consequent to the death or lunacy or insolvency of a member elects to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.

3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

4) A person so becoming entitled on transmission to a share by reason of the death, lunacy or insolvency of the holder shall subject to the provisions of these Articles and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share.

48. All the provisions herein contained as to the transfer and transmission of shares shall apply *mutatis mutandis* to the transfer and transmission of the debentures of the Company.

48A. Notwithstanding anything contained in these Articles, as and when the Company gets its shares or other securities admitted as an eligible Security in the Depository system in accordance with the provisions of the Depositories Act, 1996, the prevailing Rules, Regulations and Bye Laws of the Depository and other applicable laws, if any, the said shares and securities of the Company may be held in dematerialised fungible form and it shall be governed by the provisions of Depositories Act, 1996 as amended from time to time or any rule framed thereunder.

GENERAL AUTHORITY

49. Wherever it has been provided in the Act that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Articles, then and in all such cases this regulation confers on the Company all such right, privilege or authority and the power to carry out such transaction, as if such right, privilege, authority or power has been conferred on the Company by specific regulation in that behalf herein provided. Without prejudice to the generality of the foregoing and as illustration of such rights, privileges and authorities which the Company shall have the following are set out with the appropriate sections of the Companies Act, 1956;

Section 76: to pay commission on issues of shares / debentures

Section 80: to issue Redeemable Preference Shares

Section 92: to accept unpaid share capital although not called up.

Section 93: to pay dividend in proportion to amount paid up

Section 94: to alter the share capital of the Company

Section 100: to reduce the capital of the Company

Section 106: to alter the rights of holder of special class of shares

MEETINGS OF MEMBERS

50. All general meetings other than Annual General Meetings shall be called Extra- Ordinary General Meetings.

51. The Board may whenever it thinks fit call an Annual General Meeting / Extra-ordinary General Meeting to be held on such day, time and place as may be considered convenient by the Board. If at any time there are not within India, Directors capable of acting who are sufficient in number to form a quorum (for Board Meetings) any Director or any five members of the Company holding equity shares may call an Annual General Meeting / Extra-ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

52A.The Board may, whenever it thinks fit and necessary, postpone an Annual General Meeting or Extra-Ordinary General Meeting that had been convened by the Board or by the Members or cancel such meeting and reconvene such meeting before such meeting is held or is due to be held. This provision shall not however apply to an Extra-ordinary General Meeting called by the members on requisition.

52B.No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, five members present in person shall constitute the quorum for General Meetings.

53. The Chairman / Executive Chairman of the Board shall be entitled to take the Chair at every General Meeting. If there be no such Chairman / Executive Chairman or if at any Meeting he is not present within thirty minutes after the time appointed for holding such Meeting, or is unwilling to act, the Managing Director shall be entitled to take the Chair. In his absence, or in case he is unwilling to act, the members present shall choose another director as Chairman, and if no Director is present, or if all the Directors present decline to take the Chair then the members present shall on a show of hands or on a poll is properly demanded elect one of their members being a member entitled to vote, to be Chairman of such Meeting.

54. In the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the Meeting shall have a casting vote in addition to the vote(s) to which he may be entitled as a member.

55. The demand of a poll other than for election of Chairman for the meeting for adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

56A.The Chairman may adjourn any meeting from time to time and from place to place, but no business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

56B.When a meeting is adjourned, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at the adjourned meeting, except when the meeting is adjourned *sine die*.

VOTES OF MEMBERS

57. Subject to any rights or restrictions for the time being attached to any class or classes of shares.

a) On a show of hands, every member present in person shall have one vote, and

b) On a poll, voting rights of members shall be as laid down in Section 87.

58. In the case of joint-holders, the vote of the senior who tenders a vote in person, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names appear in the Register of Members.

59. A member of unsound mind or in respect of whom an order has been made by any Court have jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

60. No member shall be entitled to vote at any General Meeting if all calls or other sums have not been paid by him before the last date thereof fixed by the Board.

61. No objection shall be raised to the validity of any vote whether given personally or by proxy or by attorney except at the Meeting or adjourned meeting or poll at which the vote objected to is given or tendered and every vote whether given personally or by proxy or by attorney to which no objection has been raised at the meeting or poll at which such vote is tendered shall be deemed valid for all purposes whatsoever of such meeting or poll. Any objection made in due time shall be referred to the Chairman of the meeting whose determination regarding the admission or rejection of the vote, made in good faith, shall be final and conclusive.

PROXY

62. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit and shall be signed by the member.

63. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of that power or authority shall be deposited at the office not less than forty - eight hours before the time for holding the meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No member shall be entitled to lodge a proxy for an adjourned meeting. No proxy shall be used at an adjourned meeting which could not have been used at the original meeting.

64. If more than one instrument of proxy from the same member to vote at the same meeting be deposited with the Company, that instrument of proxy bearing the latest date, shall alone be accepted; if all the instruments bear the same date, then that one of them registered in the books of the Company as having been last deposited with the Company shall alone be accepted. In case several proxies are lodged in respect of the shares held jointly that proxy given by the person whose name stands above the other joint-holders who have also given proxies shall alone be valid, provided none of the joint-holders be present in person at the meeting.

65. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer of the shares shall have been received by the Company at its office at least twenty four hours before the time appointed for the meeting. Provided further that the Chairman of the meeting shall be entitled to require such evidence as he may, in his discretion think fit, of the due execution of an instrument of proxy and that the same has not been revoked.

DIRECTORS

66. The number of Directors shall not be less than three and unless and otherwise determined by a General meeting shall not be more than 12.

67. Any Financial Institutions(s) owned or sponsored either by the Central or State Governments or any other Public or Local Authority shall be entitled to nominate a person as a Director of this Company, provided loan or loans of Rs.10,00,000 or more have been given by such Financial Institutions(s) to the Company. Such rights can be exercised by such Financial Institution(s) from time to time until such loan(s) are completely discharged. Such Directors shall not be liable to retire by rotation.

68. The Board shall have power at any time and from time to time to appoint any person as an Additional Director so that the number of Directors shall not at any time exceed the maximum number fixed by these Articles. The Additional Director so appointed shall hold office only until the conclusion of the next Annual General Meeting of the Company and is eligible for reappointment.

69. No share qualification is required for any person for being appointed as a Director of the Company.

70. Directors desirous of resigning their office shall submit the resignation in writing. The resignation will be effective from the date on which it is received by the Company at its office.

ALTERNATE DIRECTORS

71. The Board may in accordance with and subject to provisions of Section 313 of the Act, appoint any person to act as an Alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

PROCEEDINGS OF DIRECTORS

72. The Board may elect a Chairman for its meetings and determine the period for which he is to hold Office.

73. Subject to the provisions of Section 285 of the act the Directors may meet together for the despatch of business and may adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the purpose of the business. Until otherwise determined and subject to Section 287 of the Act, two Directors personally present or one third of the total strength, whichever is greater, shall be the quorum.

74. Subject to the provisions of the Act, the Chairman/Executive Chairman or the Managing Director may and the Secretary at the direction of the Chairman / Executive Chairman or the Managing Director, shall at any time convene a meeting of the Board.

75. Subject to the provisions of Section 316 and 372 (5) of the Act, the questions arising at any meetings of the Directors shall be decided by a majority of votes, and in the case of equality of votes, the Chairman shall have a second or casting vote.

76. The meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles or the Act for the time being vested in or exercisable by the Board.

77. If the quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall stand adjourned until such date and time as the Chairman / Executive Chairman or in his absence the Managing Director shall appoint.

78. If at any meeting of the Board, the Chairman/Executive Chairman is not present within fifteen minutes from the time appointed for holding the meeting or in case he is unwilling or where no Chairman has been elected in terms of Articles 72, the Managing Director shall occupy the Chair and in the absence of the Managing Director or in case he is unwilling, the Directors present may choose one of their number to be the Chairman of the meeting.

79. The Chairman / Executive Chairman or the Managing Director shall have the power to invite any person or persons not being the member(s) of the Board, to attend the meeting of the Board, but such invitee or invitees shall not be entitled to vote at any time.

80. The items in the agenda of the Notice should have the prior approval of the Chairman / Executive Chairman and in the absence of the Chairman / Executive Chairman from India, of the Managing Director, before the Notice is circulated to the members of the Board.

81. The board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

82. The meetings and proceedings of any such Committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superceded by any regulations made by the Board.

83. Save in those cases where a resolution is required by Section 262,292,297,316 and 372(5) of the Act, to be passed at a meeting of the Board, a resolution shall be valid and effectual as if it has been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee, at their usual address in India and has been approved by such of them as are then in India or by a majority of them as are entitled to vote on the resolution.

84. Subject to the provision of the Act, no Director of the Company shall be disqualified by his office from holding any office or place of profit under the Company or under any Company in which this Company shall be a shareholder or otherwise interested or from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by, or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor shall any Director be liable to account to the company, for any profit arising from any such office or place of profit or realised from any such contracts or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established.

MINUTES

85. The Directors shall cause minutes to be duly entered in the Books provided for the purposes:-

a) Of all appointment of Officers;

b) Of the names of the Directors present at each meeting of the Directors and of any Committee of Directors;

c) Of all orders made and resolutions required to be passed by the Directors and Committees of Directors; and

d) Of all resolutions and proceedings of General Meetings of the Company or of any Class of Shareholders and of the Meetings of the Directors and Committees; and any Meetings of the Directors, or of any Committee, or of the Company, if purporting to be signed by the Chairman of the next succeeding meeting shall be received as *prima facie* evidence of the matter stated in such Minutes.

Provided that the Chairman of the meeting may exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

86. The Minutes Book of General Meetings of the Company shall be kept at the office and shall be open for inspection by members during the hours of 2.00 p.m. to 4.00 p.m. on such business days as the Act require it to be open for inspection.

POWERS OF THE DIRECTORS

87. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to do; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting.

Provided further in exercising any such power or doing any such act or things the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meetings by special resolution but no regulations made by the Company in General Meetings shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

88.Any branch or kind of business, which by the Memorandum of Association of the Company or these Articles is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as it shall think fit and further may be suffered by it to be kept in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceeds with such branch or kind of business.

89. Subject of the provisions of the Act, the Board may from time to time, as it may think fit, delegate to the Managing Director all or any of the powers hereby conferred upon the Board, other than the power to make calls on members in respect of money unpaid on their shares and to issue debentures.

90.The Board may, subject to the provisions of the Act make such arrangement as it may think fit for the management of the Company's affairs abroad and for this purpose appoint local boards, attorneys and agents and fix their remuneration and delegate to them such powers as the Board may deem requisite or expedient. The Company may exercise all the powers of Section 50 of the Act and the official Seal shall be affixed by the authority in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the Seal appoint. The Company may also exercise the powers of Sections 157 and 158 of the Act with reference to the keeping of Foreign Registers.

91.The Board may appoint, at any time and from time to time by a power of attorney under the Company's Seal any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the Board, or by the Act or these Articles and for such period and subject to such conditions as the Board may from time to time think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney, as the Board may think fit.

92. The continuing Directors may act notwithstanding any vacancy in the Board; but if and so long as their number falls below the quorum fixed by these Articles for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company but for no other purpose.

93.a) The Board may, subject to this Article and with the sanction of the Company in General Meeting from time to time, at its discretion, raise or borrow or secure payment of any sum or sums of money for the purpose of the Company, by the issue of debentures, convertible or otherwise and to mortgage, pledge or change the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital, or otherwise to transfer or convey the same absolutely or in trust, and to give the lenders powers of sale except uncalled capital and other powers as May be deemed expedient, and to purchase, redeem or pay off such securities;

b) Any such debentures, bonds or other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawings, allotment of shares and attending General Meetings of the Company, appointment of Directors or otherwise;

c) Debentures and loans with a right of conversion shall not be issued except with the sanction of the Company in General Meeting.

94.a) The Board of Directors, subject to the provisions of the Companies Act, 1956 may from time, appoint or reappoint, one or more Directors to the office of the Executive Chairman or Managing Director(s) and / or the Whole time Director(s) for such period as they deem fit. The Executive Chairman/Managing Director(s) and the Whole time Director(s) shall not be liable to retire by rotation so long as they hold the office as such.

b) The whole time Director(s) shall, subject to the supervision and control of the Board, exercise such powers and authorities and perform such duties as are entrusted to them by the Managing Director(s) from time to time. The appointment of such Managing Director / Whole time Director shall stand terminated if such Director ceases to be a Director of the Company.

95. The Board of Directors may from time to time entrust to and confer upon Executive Chairman / Managing Director or Whole time Director such of the powers exercisable under these articles by the Director as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

REMUNERATION OF DIRECTORS

96. The remuneration by way of a fee for such Meeting of the Board of Directors or a Committee thereof attended by any Director shall be such sum as may be determined by the Board, but shall not exceed the amount as may be prescribed from time to time by the Central Government. Any Director or all Directors is / are entitled to renounce his/their right to receive the sitting fees. The Directors shall be entitled to be paid their reasonable travelling, hotel and other out – of – pocket expenses incurred in connection with their attending the Board and Committee Meetings or otherwise incurred in the execution of duties as Directors.

Any Director who attends any Board or Committee meeting shall be entitled to receive sitting fees and travelling expenses for the same notwithstanding that the same meeting was adjourned. Any Director who attends an adjourned Board / Committee meeting shall be entitled to receive sitting fees and travelling expenses for the adjourned meeting also, notwithstanding that he has already received the sitting fees and travelling expenses for the original meeting which was adjourned.

97. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from headquarters for any of the purposes of the Company or in giving special attention to the business of the Company or as member of a Committee of the Board, then subject to Section 198,309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise.

98. The Executive Chairman / Managing Director(s) or Whole time Director(s) shall be paid such remuneration as the Company in General Meeting shall determine subject to the approval of the Central Government wherever necessary.

99. The Chairman of the Company may be paid an annual remuneration of 1% on the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956, subject to the approval of the Company in General Meeting. He shall not be subject to retirement by rotation.

100. Where there is no Executive Chairman/Managing Director/ Whole time Director, the Directors may be paid such remuneration as may be decided by the Board subject to the limits prescribed in Section 309 of the Act.

AUTHENTICATION OF DOCUMENTS

101. A document purporting to be copy of resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be; that such extract is a true and accurate record of a duly constituted meeting of the Board.

SEAL

102. The Board shall provide for the safe custody of the Common Seal and the Seal shall never be used except by the authority previously given by the Board or a Committee of the Board in that behalf; any two Directors as the Board may appoint shall sign every instrument to which the Seal is affixed. Provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.

DIVIDENDS

103. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

104. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

105. On the declaration of dividend by the General Meetings it shall be paid to the shareholders in proportion to the amount paid up or credited as paid up on each share.

106. A transfer of shares shall not pass the rights to any dividend thereon before the registration of the transfer by the Company.

107. a) Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip of receipt having the force of cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of joint – holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order sent by post in respect of dividends the registered address at or addresses communicated to the Office beforehand by the member, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or fraudulent encashment thereof by any other means.

b) No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956.

CAPITALISATION OF PROFITS AND RESERVES

108. 1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of any of the Profit and Loss Account, or otherwise available for distribution; and
b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members, who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

2) The sum aforesaid shall not be paid in cash, but shall be applied subject to the provisions contained in clause (3), either in or towards:

a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid; or partly in the way specified in sub – clause (a) and partly in that specified in sub – clause (b).

3) For the purpose of this Article, a Share Premium Account and a Capital Redemption Reserve fund may be applied only in paying up unissued shares to be issued to the members of the Company as fully paid bonus shares.

4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

A) 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall,

a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares and generally do all acts and things required to give effect thereto.

2) The Board shall have full power:

a) to make such provision by the issue of fractional certificates or by payment in cash by realising such fractional certificates or otherwise as it thinks fit, in the case of shares becoming distributable in fractions and also

b) to authorise any person to enter, on behalf of all members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereto respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

(B) If the Company shall have redeemed any redeemable preference shares, all or any part of any Capital Redemption Fund arising from the redemption of such shares may, by resolution of the Company, be applied in paying up in full or in part any new shares or any shares then remaining unissued, to be issued to such members of the Company or other persons as the Directors may resolve up to an amount equal to the nominal amount of the shares so issued.

109. Every Balance Sheet and Profit and Loss Account of the Company when admitted and adopted by the Company in General Meetings shall be conclusive. If any error is discovered therein after the adoption thereof, such error shall be corrected in the accounts of the Company for the subsequent years.

SERVICE OF NOTICE AND DOCUMENTS

110. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previous to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

111. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall notwithstanding such member be then deceased and whether or not the Company have notice of death be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these Articles be deemed a sufficient service of the notice of documents on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.

SECRECY

112. Every Director, Secretary, Manager, Auditor, Trustee for the Company, its members or debenture holders, member of Committee, Officer, Servant, Agent, Accountant or other person employed in or about the business of the Company shall, if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any General Meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

113. No shareholder or other person, not being a Director, shall be entitled to enter into or upon the premises or the property of the company, or to inspect the Company's premises or properties or the books or the accounts of the Company except to the extent allowed by the Act and subject to such reasonable restrictions as the Company in General Meeting or the Board may impose in this behalf from time to time without the permission of the Board or of the Executive Chairman/Managing Director for the time being, or require the discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company, and which, in

the opinion of the Board / Chairman / Executive Chairman or of the Managing Director will be inexpedient, in the interest of the members of the Company, to communicate.

WINDING UP

114. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the Capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid up on the shares held by them respectively at the commencement of the winding up.

115. If the Company shall be wound up, whether voluntarily or otherwise the liquidator may, with the sanction of a special resolution, divide among the contributories, *in specie* or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees for the benefit of the contributories, or any of them, as the liquidator, with the like sanction, shall think fit.

INDEMNITY

116. Every Director, Secretary or Officer of the Company or any person (whether an Officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, Officer, employee or Auditor in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted, or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court (nothing herein contained shall apply to a constituted attorney of the company, unless such attorney is, or is deemed be, to an officer of the Company).

Sl No	Name, address, occupation and description of subscribers	Signature
1	NACHIMUTHU GOUNDER MAHALINGAM Mirasudar Sakthi Nilayam Nachimuthu Gounder Street Pollachi – 642 001	**(Sd/-) N Mahalingam**
2	ALAGAPPA GOUNDER SUBRAMANIYAM GOUNDER Landlord 44, North West Feeder Road Pollachi	**(Sd/-) A Subramaniyam**

Dated: 30th March 1955

Witness to the above signatures:

(Sd.) V.N.S.SARMA
Accountant
ABT (P) Limited
Pollachi

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore – 641 018, Tamil Nadu between 10.00 a.m. to 3.00 p.m. on any Business Day from the date of the Prospectus until the date of Closure of the Issue.

A. MATERIAL CONTRACTS

1. Lead Manager MoU dated March 14, 2022 executed between the Company and the Lead Manager.
2. Registrar MoU dated March 08, 2022 executed between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated March 04, 2022 executed between the Company and the Debenture Trustee.
4. Lead Brokers Agreement dated (*) executed between the Company, the Lead Brokers and Lead Manager.
5. Public Issue Bank, Refund Bank and Sponsor Bank Account Agreement dated (*) executed between the Company, the Registrar, the Public Issue Bank and the Lead Manager.
6. Tripartite agreement between the Company, Registrar to the Company and CDSL, and the Company, Registrar to the Company and NSDL, dated September 26, 2001 and October 13, 2001, respectively.
7. Tripartite agreement between the Company, Registrar to the Issue and CDSL and the Company, Registrar to the Issue and NSDL, dated June 24, 2021 respectively.

B. MATERIAL DOCUMENTS

1. Certificate of Incorporation of the Company dated March 30, 1955, issued under Companies Act, 1913 and Certificate of Incorporation consequent to change of name dated July 27, 1967, issued by Registrar of Companies, Madras.
2. Memorandum and Articles of Association of our Company.
3. The certificate of registration No. 07-00252 dated April 17, 2007 issued by Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934.
4. ICRA Letter no. Ref. No. ICRA/Sakthi Finance Limited/18032022/1 dated March 18, 2022 for assigning the credit rating for issue of proposed NCDs.
5. Due Diligence certificate by Debenture Trustee dated March 24, 2022.
6. Copy of the board resolutions dated November 13, 2021 and February 14, 2022 approving the Issue.
7. Copy of the resolutions dated March 25, 2022 passed by the NCD Issuance Committee, approving the Draft Prospectus.
8. Copy of the resolution dated (*), 2022 passed by the NCD Issuance Committee, approving the Prospectus.
9. Copy of the resolution passed by the shareholders of the Company through postal ballot process, result of which were declared on April 5, 2014 approving the overall borrowing limits of the Company.
10. Consents of the Directors, Lead Manager to the Issue, Chief Compliance Officer of our Company, Director (Finance & Operations) and CFO, Chief Financial Officer, Debenture Trustee, Credit Rating Agency for the Issue, Legal Counsel to the Issue, Bankers to the Issue, Lead Brokers and the Registrar to the Issue, to include their names in the Draft Prospectus and Prospectus to act in their respective capacities.

11. Consent Letter dated March 25, 2022 from the current Statutory Auditors, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI NCS Regulations in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as current Statutory Auditor in respect of their (a) examination report dated March 12, 2022 on our Reformatted Financial Statements and; (b) Independent Auditor report dated February 14, 2022 on unaudited interim financial statements for Nine months ended December 31,2021 and (e) their report dated March 25, 2022 on the Statement of Possible Tax Benefits, included in this Draft prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus.

12. The examination report of Our Current Statutory Auditors dated March 12, 2022 in relation to the Reformatted Financial Statements included in Draft Prospectus.

13. Statement of Possible Tax Benefits dated March 25, 2022 provided by our Current Statutory Auditors appearing in the Draft Prospectus.

14. Annual Reports of the Company for the last three Financial Years 2019 to 2021.

15. Due Diligence Certificate dated (*) filed by the Lead Manager with SEBI.

16. Copy of the board resolution dated August 24, 2020 appointing the Managing Director of the Company.

17. Copy of the shareholders' resolution dated December 17, 2020 appointing the Managing Director of the Company.

18. Agreement relating to re-appointment of Managing Director of the Company executed on December 19, 2020.

19. Copy of the board resolution dated May 29, 2019 appointing Dr. S. Veluswamy as Director (Finance & Operations) of the Company.

20. Copy of the shareholders' resolution dated September 23, 2019 appointing Dr. S. Veluswamy as Director (Finance & Operations) of the Company.

21. Agreement relating to appointment of Dr. S. Veluswamy as Director (Finance & Operations) of the Company executed on September 29, 2019.

22. Application for in-principle approval for listing made to BSE dated March 25, 2022.

23. In-principle approval for listing from BSE vide its letter no. **(*)**, 2022 for Issue.

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the holders in the interest of the Company in compliance with the applicable laws.

DECLARATION

We, the Directors of the Company, hereby certify and declare that:

a. all applicable legal requirements in connection with the Issue and the Company, including relevant provisions of the Companies Act 2013, as amended and the rules prescribed thereunder, to the extent applicable as on this date, the Securities Contracts (Regulation) Act 1956, as amended, the Securities and Exchange Board of India Act 1992, as amended and rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by the Reserve Bank of India and the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India including, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, to the extent applicable, as the case may be, have been complied with;

b. no statement made in this Draft Prospectus is contrary to the relevant provisions of any rules, regulations, guidelines and circulars as applicable to this Draft Prospectus.

c. compliance with the Companies Act 2013 and the rules does not imply that payment of interest or repayment of debt securities, is guaranteed by the Central Government.

d. the monies received under the Issue shall be used only for the purposes and objects indicated in this Draft Prospectus;

e. all the disclosures and statements in this Draft Prospectus and in the attachments thereto are true, accurate, correct and complete and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading;

f. this Draft Prospectus does not contain any misstatements; and

g. no information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of the Company

(Sd/) Dr M Manickam Chairman DIN : 00102233	(Sd/) Mr. M Balasubramaniam Vice Chairman and Managing Director DIN : 00377053	(sd/) Mr. M Srinivaasan Non-Executive Director DIN : 00102387
(Sd/) Dr A Selvakumar Independent Director DIN : 01099806	(Sd/) Mr. P S Gopalakrishnan Independent Director DIN : 00001446	(sd/) Mrs. Priya Bhansali Independent Director DIN : 00195848
(Sd/) Mr. K P Ramakrishnan Independent Director DIN: 07029959	(Sd/) Dr S Veluswamy Director (Finance & Operations) & CFO DIN : 05314999	

Date: March 25, 2022
Place: Coimbatore

ANNEXURES

A: FINANCIAL STATEMENTS

Sl No	Particulars	Page No.
1	Statement of Unaudited Financial Results for the Quarter and Nine Months Period ended 31st December 2021	F1
2	Limited Review Report on unaudited standalone financial results for the quarter and nine months ended 31st December, 2021	F4
3	Independent Auditor's Examination Report on Reformatted Financial Information as at and for the six months ended 30th September 2021 and financial years ended 31st March 2021, 2020 and 2019	F9
4	Reformatted Financial Statements as at and for six months ended 30th September 2021 and for years ended March 31, 2021, 2020 and 2019	F13

Statement of Unaudited Financial Results for the Quarter and Nine Months Period ended 31st December 2021

₹ lakhs

Sl No	Particulars	Quarter Ended			Nine months period ended		Year Ended
		31.12.2021	30.09.2021	31.12.2020	**31.12.2021**	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Revenue from Operations**						
	Interest Income	**4,510.12**	4,468.07	4,247.19	**13,136.18**	12,207.73	16,597.96
	Rental Income	**7.40**	9.21	0.88	**22.21**	2.64	3.52
	Fees and Commission	**103.77**	64.54	122.09	**203.58**	195.66	313.23
	Bad debts recovery	**4.97**	11.27	5.03	**16.24**	16.53	37.01
	Sale of power	**21.87**	80.63	26.63	**150.33**	153.32	181.07
	Total revenue from operations	**4,648.13**	4,633.72	4,401.82	**13,528.54**	12,575.88	17,132.79
2	**Other Income**						
	Miscellaneous income	**0.07**	0.03	0.03	**0.10**	0.47	0.87
3	**Total Income**	**4,648.20**	4,633.75	4,401.85	**13,528.64**	12,576.35	17,133.66
4	**Expenses**						
	a. Finance Costs	**2,757.15**	2,780.87	2,645.08	**8,078.88**	7,794.68	10,532.96
	b. Fees and commission expense	**44.69**	56.56	53.44	**144.89**	173.29	188.08
	c. Impairment on Financial Instruments	**243.87**	293.00	201.51	**801.54**	586.91	787.71
	d. Employee benefits expenses	**823.46**	650.45	655.80	**2,150.72**	1,852.89	2,604.20
	e. Depreciation, amortisation and impairment	**121.83**	120.93	106.01	**362.29**	318.50	421.70
	f. Other Administrative Expenses	**410.40**	383.27	439.83	**1,039.96**	911.88	1,341.57
	Total Expenses	**4,401.40**	4,285.08	4,101.67	**12,578.28**	11,638.15	15,876.22
5	**Profit/(Loss) before Exceptional items and Tax (3-4)**	**246.80**	348.67	300.18	**950.36**	938.20	1,257.44
6	Exceptional items	-	-	-	-	-	-
7	**Profit/(Loss) before tax (5-6)**	**246.80**	348.67	300.18	**950.36**	938.20	1,257.44
8	**Tax expense:**						
	a Current Tax	**138.69**	149.89	124.81	**473.43**	369.44	508.42
	b Deferred Tax	**(58.82)**	(58.87)	(49.23)	**(215.19)**	(151.12)	(176.77)
9	**Profit after Tax for the period from continuing operations (7-8)**	**166.93**	257.65	224.60	**692.12**	719.88	925.79
10	**Other Comprehensive Income:**						
	(i) Items that will not be reclassified to profit or loss:						
	a) Fair value changes in Equity instruments	**0.11**	(17.41)	9.18	**32.12**	15.37	11.94
	b) Remeasurement Gain / (Loss) in defined benefit obligations	**(1.95)**	(3.90)	1.46	**(5.85)**	(17.00)	2.19
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**0.49**	0.98	**(0.37)**	**1.47**	4.28	(0.55)
11	**Other Comprehensive Income**	**(1.35)**	(20.33)	10.27	**27.74**	2.65	13.58
12	**Total Comprehensive Income for the period (9+11)**	**165.58**	237.32	234.87	**719.86**	722.53	**939.37**
13	Earnings per equity share (Face Value : ₹ 10 each) : (Not Annualised)						
	- Basic (₹)	**0.26**	0.37	0.36	**1.11**	1.12	1.45
	- Diluted (₹)	**0.26**	0.37	0.36	**1.11**	1.12	1.45

Notes:

1. The above Unaudited Financial Results (**"UFR"**) have been prepared in accordance with the Indian Accounting Standards (**"Ind AS"**) notified under Section 133 of the Companies Act 2013 (**"the Act"**) read with the Companies (Indian Accounting Standards) Rules 2015 and accordingly, these financial results together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (**"Ind AS 34"**) in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations"**), as amended. Any application guidance / clarifications / directions issued by the Reserve Bank of India will be implemented as and when they are issued / applicable.
2. The above UFR for the quarter and nine months period ended 31st December 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 14th February 2022 respectively.
3. The Statutory Auditors of the Company have conducted a limited review on the UFR for the quarter ended 31st December 2021.
4. The second wave of the pandemic from March 2021 was severe in India and forced for another phase of lockdown in various States across the country. The extent to which the Covid-19 pandemic (including the outbreak of any new coronavirus variants) will affect the Company's operations is unknown. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic and future developments, if any. The Company is continuously monitoring the situation and economic factors affecting the business operations and financial implications including in respect of Expected Credit Loss and provisioning therefor.
5. The Company has considered the impact of COVID 19 in the expected credit loss model of impairment based on the Company's historical experience and other emerging forward-looking factors on account of the pandemic. The actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.
6. The Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6th August 2020 and 5th May 2021. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board approved Policy in this regard.
7. In terms of the requirement as per the RBI notification no. RBI/2019-2020/170 DOR(NBFC).CC.PD.No109/22.10.106/2019-20 dated 13th March 2020 on implementation of Ind AS, Non-Banking Financial Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (**"IRACP"**) norms (including provision on standard assets). As such the impairment allowances under Ind AS 109 made by the company exceeds the total provisions required under IRACP (including standard assets provisioning) as at 31 December 2021 and accordingly, there is no amount required to be transferred to impairment reserve.
8. Expected Credit Loss on Financial Assets has been provided on estimated basis.
9. In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure is as follows:

Type of Borrowers	Number of accounts where resolution plan has been implemented under this window	Exposure to such accounts before implementation of the plan **(Amount in ₹ lakhs)**	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provision on account of implementation of resolution plan **(Amount in ₹ lakhs)**
Personal Loans	114	559.10	-	-	-
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**114**	**559.10**	**-**	**-**	**-**

10. Disclosure on Resolution Framework 2.0 implemented in terms of RBI circulars RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22/31 and RBI/2021-22/32 dated 5th May 2021.

Sl No	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
A	No of requests received for invoking resolution process under Part A of the above circular	460	-	-
B	No of accounts where resolution plan has been implemented under this window	167	-	-
C	Exposure to accounts mentioned at (B) before implementation of the plan (₹ lakhs)	876.80	-	-
D	of (C) aggregate amount of debt that was converted into other securities (₹ lakhs)	Nil	-	-
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation (₹ lakhs)	Nil	-	-
F	Increase in provisions on account of the implementation of the resolution (₹ lakhs)	Nil	-	-

11. The Company's Secured, Redeemable, Non-Convertible Debentures (**"NCDs"**) are secured by mortgage of identified immovable properties and charge on the specified hire purchase receivables of the Company with a cover of 100%/110% of outstanding (principal and interest accrued thereon) as per the terms of the issue.

12. The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments identified as per Ind AS 108 on 'Operating Segments'.

13. The Code on Social Security 2020 (**"the Code"**) has been enacted and the effective date from which changes are applicable and the rules thereunder is yet to be notified. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

14. Pursuant to RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.01.048/2021-22 dated November 12, 2021, on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarification, the Company has aligned its processes in accordance with same. However the actual provision made in the books as per Ind AS – 109 is more than the requirement as per above Circular of RBI.

15. Disclosures required by Regulation 52(4) of Listing Regulations 2015 is enclosed in **Appendix-1**

16. Previous period / year figures have been regrouped / re-arranged / re-classified, wherever necessary to conform to the current period presentation.

By Order of the Board
For Sakthi Finance Limited

M Balasubramaniam
Vice Chairman and Managing Director
DIN : 00377053

14th February 2022
Coimbatore – 18

Limited Review Report on unaudited standalone financial results of Sakthi Finance Limited for the quarter and nine months ended 31st December, 2021 under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Review Report to
The Board of Directors
Sakthi Finance Limited,
62, Dr.Nanjappa Road, Coimbatore – 641018

Report on the Statement of Unaudited Financial Results

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Sakthi Finance Limited (**"the company"**) for the quarter and nine months ended 31st December 2021 (**"the Statement"**).

Management Responsibility for the Unaudited Financial Results

2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (**"Ind AS 34"**), prescribed under Section 133 of Companies Act, 2013 (**"the Act"**) read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"Listing Regulations"**). Our responsibility is to express a conclusion on the Statement based on our review.

Auditor's Responsibility

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to Note No – 4, 5 and 6 of the accompanying statement, which explains the impact of the COVID 19 pandemic and management's assessment of the probable material impact on Company's operations and financial metrics, including company's estimate of impairment of loans and staging of accounts to which moratorium benefits has been granted. Our conclusion is not modified in respect of this matter.

Limited Review Report on unaudited standalone financial results of Sakthi Finance Limited for the quarter and nine months ended 31st December, 2021 under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (continued)

Other Matter

6. The numbers and details pertaining to period(s) i.e. Quarter ended 31st December 2020, nine months ended 31st December 2020 have been traced from the review reports of Previous Auditor, in terms of Regulation 33 and Regulation 52 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Similarly, the numbers and details pertaining to year ended as at 31st March 2021 and notes related thereto in the Statement have been traced from the Financial Statements of the Company audited by the Previous Auditor vide their unmodified report dated 30-06-2021. Our report is not modified in respect of this matter.

For CSK Prabhu & Co
Chartered Accountants
ICAI Firm Registration No.002485S

CSK Prabhu (Membership No.: 019811)
Partner
UDIN : 22019811ACDBZF7120

Place : Coimbatore
Date : 14th February 2022

Sakthi Finance Limited

Statements of Unaudited Financial Results for the Quarter and Nine months ended 31st December 2021

(₹ lakhs)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-12-2021	30-09-2021	31-12-2020	31-12-2021	31-12-2020	31-03-2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Revenue from Operations (net)	4,648.13	4,633.72	4,401.82	13,528.54	12,575.88	17,132.79
Net Profit / (Loss) for the period (before tax and Exceptional Items)	246.80	348.67	300.18	950.36	938.20	1,257.44
Net Profit / (Loss) for the period before tax (after Exceptional Items)	246.80	348.67	300.18	950.36	938.20	1257.44
Net Profit / (Loss) for the period after tax (after Exceptional Items)	166.93	257.65	224.60	692.12	719.88	925.79
Other Comprehensive Income (net of tax)	(1.35)	(20.33)	10.27	27.74	2.65	13.58
Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (net of tax)]	165.58	237.32	234.87	719.86	722.53	939.37
Paid-up equity share capital (Face value : ₹ 10 per share)	6,470.59	6,470.59	6,470.59	6,470.59	6,470.59	6,470.59
Reserves (excluding Revaluation Reserve) as on 31st March 2021	10,174.18					
Securities Premium Account	1,429.80	1,429.80	1,430.92	1,429.80	1,430.92	1,429.80
Net worth	16,228.05	16,337.54	15,820.67	16,228.05	15,820.67	16,084.42
Paid up Debt Capital/ Outstanding Debt	6.42	6.21	6.43	6.42	6.43	6.59
Outstanding Redeemable Preference Shares	NA	NA	NA	NA	NA	NA
Debt Equity Ratio	6.21	6.38	6.36	6.21	6.36	6.10
Earnings per share (₹ 10 each) (for continuing operations) :						
a. Basic (₹)	0.26	0.37	0.36	1.11	1.12	1.45
b. Diluted (₹)	0.26	0.37	0.36	1.11	1.12	1.45
Capital Redemption Reserve	NA	NA	NA	NA	NA	NA
Debenture Redemption Reserve	NA	NA	NA	NA	NA	NA
Debt Service Coverage Ratio *	NA	NA	NA	NA	NA	NA
Interest Service Coverage Ratio *	NA	NA	NA	NA	NA	NA

Notes:

1. The above is an extract of the detailed format of the Unaudited Financial Results filed with Stock Exchange under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the Unaudited Financial Results are available on the BSE Ltd website (**URL: www.bseindia.com/corporates**) and company's website, **www.sakthifinance.com**.

2. Disclosures in accordance with Regulation 52(4) of the Listing Regulations have been submitted to BSE Limited and the disclosures can be accessed on the BSE website (**URL: www.bseindia.com/corporates**).

By Order of the Board
For Sakthi Finance Limited

M.Balasubramaniam
Vice Chairman and Managing Director
DIN 00377053

Appendix – I

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

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Nine months period Ended		Year Ended
		31st December 2021	30th September 2021	31st December 2020	**31st December 2021**	31st December 2020	**31st March 2021**
1	Debt - Equity Ratio (Refer Note 2)	**6.21**	6.38	6.36	**6.21**	6.36	6.10
2	Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA
3	Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA
4	Outstanding Redeemable Preference Shares (quantity and value)	NA	NA	NA	NA	NA	NA
5	Capital Redemption Reserve	NA	NA	NA	NA	NA	NA
6	Debenture Redemption Reserve	NA	NA	NA	NA	NA	NA
7	Net Worth (Refer Note 3)	**16,228.05**	16,337.54	15,820.67	**16,228.05**	15,820.67	16,084.42
8	Net Profit / (Loss) after Tax	**166.93**	257.65	224.60	**692.12**	719.88	925.79
9	Earnings per Share:						
	- Basic	**0.26**	0.37	0.36	**1.11**	1.12	1.45
	- Diluted	**0.26**	0.37	0.36	**1.11**	1.12	1.45
10	Current Ratio	**NA**	NA	NA	**NA**	NA	NA
11	Long Term debt to Working Capital	NA	NA	NA	NA	NA	NA
12	Bad Debts to Accounts Receivable Ratio	NA	NA	NA	NA	NA	NA
13	Current Liability Ratio	NA	NA	NA	NA	NA	NA
14	Total Debts to Total Assets (Refer Note 4)	**0.65**	0.67	0.60	**0.65**	0.60	0.59
15	Debtor Turnover	NA	NA	NA	NA	NA	NA
16	Inventory Turnover	NA	NA	NA	NA	NA	NA
17	Operating Margin (%)	NA	NA	NA	NA	NA	NA
18	Net Profit Margin (%) (Refer Note 5)	**3.59**	5.56	5.10	**5.12**	5.72	5.40
19	**Sector specific equivalent ratios, as applicable**						
	i) Gross Non-performing Assets (GNPA) % (Refer Note 6)	**4.91**	5.68	5.13	**4.91**	5.13	4.95

	ii) Net Non-Performing Assets (NNPA) % (Refer Note 7)	**1.81**	2.55	2.53	**1.81**	2.53	2.30
	iii) Provision Coverage Ratio (PCR %) (Refer Note 8)	**64.24**	56.55	51.92	**64.24**	51.92	54.90
	iv) Capital Adequacy Ratio (%) (Refer Note 9)	**22.81**	23.03	21.62	**22.81**	21.62	22.52

Notes :

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

Independent Auditor's Examination Report on Reformatted Ind AS Financial Information of Sakthi Finance Limited as at and for the six months ended 30th September 2021 and financial years ended 31st March 2021, 2020 and 2019

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

Dear Sirs,

1. We have examined the attached Reformatted Ind AS Financial Information of Sakthi Finance Limited, (**"the Company"**) comprising

   (i) the Reformatted Ind AS Statement of Assets and Liabilities as at 30th September 2021, 31st March 2021, 31st March 2020 and 31st March 2019, the Reformatted Ind AS Statement of Profit and Loss (including other comprehensive income) for the six months ended 30th September 2021 and financial years ended 31st March 2021, 31st March 2020 and 31st March 2019, the Reformatted Ind AS Statement of changes in equity for the six months ended 30th September 2021 and financial years ended 31st March 2021, 31st March 2020 and 31st March 2019, the Reformatted Ind AS Cash Flow Statement for the six months ended 30th September 2021 and financial years ended 31st March 2021, 31st March 2020 and 31st March 2019 and the Summary Statement of Significant Accounting Policies, and other explanatory information [collectively, the **"Reformatted Ind AS Financial Information"**]

   (ii) the Reformatted Ind AS Financial Information has been approved by the Board of Directors of the Company at their meeting held on 12th March 2022 for the purpose of inclusion in the Draft Prospectus/Prospectus prepared by the Company in connection with its proposed public issue (**"Issue"**) of Rated Secured Redeemable Non-Convertible Debentures and Unsecured Redeemable Non-Convertible Debentures of Face Value of ₹ 1,000 each (**"NCDs"**) for an amount not exceeding ₹ 5,000 Lakh (hereinafter referred to as the **"Base Issue"**) with an option to retain Over-Subscription for an amount not exceeding ₹ 5,000 Lakh, aggregating to an amount not exceeding ₹ 10,000 lakh (hereinafter referred to as the **"Overall Issue Size"**) prepared in terms of the requirements of:

      a) Section 26 of Part I of Chapter III to the Companies Act, 2013 **(the "Act");**
      b) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (the **"SEBI NCS Regulations"**), as amended; and
      c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (**"ICAI"**), as amended from time to time (the **"Guidance Note"**).

Management Responsibility:

2. The Company's Board of Directors is responsible for the preparation of the Reformatted Ind AS Financial Information for the purpose of inclusion in the Draft Prospectus / Prospectus to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies in connection with the issue. The Reformatted Ind AS Financial Information have been prepared by the management of the Company based on

   a. Unaudited but Limited Reviewed interim Ind AS financial statements of the company as at and for the six months period ended 30th September 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34**" Interim Financial Reporting"**, specified under section 133 of the Act and other accounting principles generally accepted in India (the **"Interim Ind AS Financial Statements"**) which have been approved by the Board of Directors at their meeting held on13th November 2021.

   b. The Audited Ind AS financial statements of the company as at and for the year ended 31st March 2021 prepared in accordance with the Indian Accounting Standards (referred to as **"Ind AS"**) as 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, which have been approved by the Board of Directors at their meeting held on 30th June 2021.

c. The Audited Ind AS financial statements of the company as at and for the year ended 31st March 2020 prepared in accordance with the Indian Accounting Standards (referred to as **"Ind AS"**) as 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, which have been approved by the Board of Directors at their meeting held on 30th July 2020.

The responsibilities of Company's Board of Directors included signing, implementing, and maintaining adequate internal controls relevant to the preparation and presentation of the Reformatted Ind AS Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI NCS Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Reformatted Ind AS Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with the Company in accordance with our engagement letter dated 21st February 2022 in connection with the proposed issue of the Company;

   b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Ind AS Financial Information; and

   d) The requirements of Section 26 of the Act and the SEBI NCS Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, SBI NCS Regulations and the Guidance Note in connection with the proposed issue.

   We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information and other Assurance and Related Service Engagements to the extent applicable to this assignment.

Reformatted Ind AS Financial Information:

4. The Reformatted Ind AS Financial Information have been compiled by the management from:

   a) Unaudited but Limited Reviewed interim Ind AS financial statements of the company as at and for the six months period ended 30th September 2021 prepared in accordance with Indian Accounting Standard (Ind AS) **34 "Interim Financial Reporting"**, specified under section 133 of the Act and other accounting principles generally accepted in India (the **"Interim Ind AS Financial Statements"**) which have been approved by the Board of Directors at their meeting held on 13th November 2021.

   b) Audited Ind AS financial statements of the company as at and for the year ended 31st March 2021 prepared in accordance with the Indian Accounting Standards (referred to as **"Ind AS"**) as 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, which have been approved by the Board of Directors at their meeting held on 30th June 2021.

   c) Audited Ind AS financial statements of the company as at and for the year ended 31st March 2020 prepared in accordance with the Indian Accounting Standards (referred to as **"Ind AS"**) as 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, which have been approved by the Board of Directors at their meeting held on 30th July 2020. The comparative information for the year ended 31st March 2020, included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended 31st March 2019 prepared in accordance with Indian GAAP which was approved by the Board of directors at their meeting held on 30th July 2020.

5. For the purpose of our examination, we have relied on:

   a) Our Limited Review report dated 13th November 2021 for the six months ended 30th September 2021;

   b) Auditors' report issued by the predecessor Auditors, M/s P.K.Nagarajan & Co. (FRN:016676S), dated 30th June 2021 and 30th July 2020 for the financial years ended 31st March 2021and 31st March 2020 respectively; and

   c) The audit for the financial years ended 31st March 2020 and 31st March 2019 was conducted by the Company's previous auditors, M/s P.K.Nagarajan & Co. (FRN:016676S). The financial statements for the 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 have been restated as per Ind AS and presented in the Audited Financial Statements for the Year ended 31st March 2020 to provide comparability for the Audited Ind AS Financial Statements for the year ended 31st March 2020. We have relied on such restated comparative financial information for the year ended 31st March 2019 as per Ind AS, which have been examined, audited and certified by the Company's previous auditor (comprising of restated statement of assets and liabilities and the restated Ind AS Statement of Profit and Loss, Restated Cash Flow Statement, the Summary Statement of Significant Accounting Policies, and other explanatory information) for the purpose of examining the Reformatted Ind AS Financial Information for the year ended 31st March 2019.

   d) The Auditor's Report dated 30th June 2021 issued by the previous statutory auditors on the Audited Ind AS Financial Statement as at and for the year ended 31st March 2021, included the following, which is reproduced below:

      "Emphasis of Matter

      - We draw attention to Note 2(d) to the accompanying 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 lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

      - The report also included as an annexure, a statement on certain matters by the Companies (Auditor's Report) Order, 2016 to indicate disclosure of statutory dues outstanding on account of a dispute,"

   e) The Auditor's Report dated 30th July 2020 issued by the previous statutory auditors on the Audited Ind AS Financial Statement as at and for the year ended 31st March 2020 and comparative restated Ind AS Financial Statement as at and for the year ended 31st March 2019, included the following, which is reproduced below:

      "Emphasis of Matter

      - 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.

      - The report also included as an annexure, a statement on certain matters by the Companies (Auditor's Report) Order, 2016 to indicate disclosure of statutory dues outstanding on account of a dispute,"

Opinion

6. Based on our examination and according to the information and explanations given to us, we report that the Reformatted Ind AS Financial Information:
   a) have been prepared in accordance with the basis of preparation as set out in the Annexure V to the Reformatted Ind AS Financial Information.
   b) have been prepared in accordance with the Act, SEBI NCS Regulations and the Guidance Note.

Emphasis of Matter

7. We draw attention to Note No.2(d) of Annexure V to the Reformatted Ind AS Financial Information, which explains the impact of the COVID 19 pandemic and management assessment of the probable material impact on Company's operations and financial metrics. Our opinion is not modified in respect of this matter.

Other Matter

8. At the Company's request we have also examined the following other information proposed to be included in the Draft Prospectus / Prospectus prepared by the Management and being approved by the Board of Directors of the Company and annexed to this report relating to the Company, as at and for each of the years ended 31st March 2021, 2020 and 2019.

   a. Statement of Secured and Unsecured Loans (Annexure IX)
   b. Capitalization Statement (Annexure X)
   c. Statement of Accounting Ratios (Annexure XI (A), XI(B) and XI(C))
   d. Summary Statement of Tax shelter (Annexure XII)
   e. Statement of Dividend paid (Annexure XIII)

9. The Reformatted Ind AS Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the unaudited but limited reviewed interim Ind AS financial statements for the six months ended 30th September 2021 and audited financial statements for the financial years ended 31st March 2021, 2020 and 2019.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the Prospectus to be filed with the Securities and Exchange Board of India, BSE Limited and Registrar of Companies, Tamil Nadu, Coimbatore in connection with the proposed issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For CSK PRABHU & CO.,
Chartered Accountants
Firm Registration Number: 002485S

CSK Prabhu
Partner
Membership Number: 019811
UDIN: 22019811AEVDKP4622

Coimbatore
12th March 2022

Sakthi Finance Limited

Reformatted Financial Information

(₹ lakhs)

Reformatted Summary Statement of Assets and Liabilities		**Annexure (I)**			
		As at			
PARTICULARS	**Note**	**30th September 2021**	**31st March 2021**	**31st March 2020**	**31st March 2019**
ASSETS		**(Limited Review)**	**Audited**	**Audited**	**Audited**
Financial Assets					
Cash and cash Equivalents	**3**	641.15	1,364.11	1,112.79	3,359.77
Bank Balances other than Cash and cash Equivalents	**4**	10,034.62	375.79	469.39	695.04
Receivables	**5**				
(i) Trade Receivables		218.21	182.41	237.36	114.81
(ii) Other Receivables		17.23	3.52	8.69	6.72
Loans	**6**	1,06,743.99	1,09,353.73	1,07,046.18	92,654.12
Investments	**7**	2,698.62	2,668.28	2,659.80	2,783.09
Other Financial Assets	**8**	2,126.56	1,830.43	2,163.38	1,870.43
Non-Financial Assets					
Current tax Assets (net)		-	-	36.80	50.06
Deferred tax Assets (net)	**9**	117.87	-	-	-
Investment Property	**10**	277.51	279.81	284.41	289.01
Property, Plant and Equipment	**11 (a)**	6,012.96	6,122.29	6,316.65	6,474.52
Right of use assets	**11(b)**	1,265.32	1,070.50	1,211.97	1.303.63
Intangible Assets under development	**11 (c)**	95.56	86.27	15.07	-
Other Intangible Assets	**11 (d)**	97.28	102.57	114.95	190.33
Other Non-Financial Assets	**12**	434.45	603.73	323.78	270.45
Total Assets		**1,30,781.33**	**1,24,043.44**	**1,22,001.22**	**1,10,061.98**

(₹ lakhs)

Annexure I - Reformatted Summary Statement of Assets and Liabilities- Contd.		As at			
PARTICULARS	**Note**	**30th September 2021**	**31st March 2021**	**31st March 2020**	**31st March 2019**
LIABILITIES AND EQUITY					
Liabilities					
Financial Liabilities					
Payables	**13**				
(I) Trade Payable					
(i) Total outstanding dues of micro enterprises and small enterprises		1.35	3.26	6.87	0.33
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		90.02	140.62	160.76	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		188.45	151.48	101.99	251.05
Debt Securities	**14**	41,944.91	28,929.69	31,453.32	26,308.25
Borrowings (Other than debt securities)	**15**	15,688.10	23,059.16	21,218.20	20,793.20
Deposits	**16**	12,402.03	17,086.35	19,046.38	18,348.07
Sub-ordinated Liabilities	**17**	38,691.10	33,529.65	29,216.13	25,825.96
Other Financial Liabilities	**18**	1,765.40	1,672.37	1,720.71	1,726.69
Non-Financial Liabilities					
Current tax Liabilities (net)		58.10	47.29	-	-
Provisions	**19**	158.39	118.09	121.73	104.19
Deferred tax Liabilities (net)	**20**	-	39.48	215.71	376.25
Other Non-Financial Liabilities	**21**	41.67	68.47	91.89	105.29
Equity					
Equity Share Capital	**22**	6,470.59	6,470.59	6,470.59	5,000.00
Other Equity*	**23**	13,281.22	12,726.94	12,176.94	11,037.47
Total Liabilities and Equity		**1,30,781.33**	**1,24,043.44**	**1,22,001.22**	**1,10,061.98**
See accompanying Notes forming an integral part of the restated/reformatted financial statements 1-56					

As per our report attached
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.:002485S

For and on behalf of the Board

M.Balasubramaniam
Vice Chairman and
Managing Director
DIN: 00377053

M.Manickam
Chairman
DIN: 00102233

CSK Prabhu
Partner
Membership Number: 019811

S. Venkatesh
Company Secretary
Membership No - FCS 7012

Srinivasan Anand
Chief Financial Officer
Membership No.020694

Place : Coimbatore
Date :12th March 2022

(₹ lakhs)

Annexure (II) Reformatted Summary Statement of Profit and Loss	Note	6 Months ended 30th September	Year ended 31st March		
PARTICULARS		2021	2021	2020	2019
Revenue from Operations					
Interest Income	**24**	8,626.06	16,597.96	16,158.72	15,614.06
Rental Income		14.81	3.52	21.13	24.99
Fees and Commission Income	**25**	99.81	313.23	483.89	732.64
Sale of power from Wind Mills	**26**	128.46	181.07	208.43	217.66
Recovery of Bad Debts		11.27	37.01	150.44	215.64
Total Revenue from operations		**8,880.41**	**17,132.79**	**17,022.61**	**16,804.99**
Other Income	**27**	0.03	0.87	0.40	4.80
Total Income		**8,880.44**	**17,133.66**	**17,023.01**	**16,809.79**
Expenses					
Finance Costs	**28**	5,321.73	10,415.94	10,109.40	10,026.54
Fees and commission expense		100.20	188.08	174.25	93.81
Impairment on financial instruments	**29**	557.67	787.71	729.44	638.72
Employee Benefits Expense	**30**	1,327.26	2,604.20	2,633.57	2,466.47
Depreciation and Amortization	**31**	240.46	421.70	465.61	438.72
Other Expenses	**32**	629.56	1,458.59	1,509.71	1,766.22
Total Expenses		**8,176.88**	**15,876.22**	**15,621.98**	**15,430.48**
Profit before Exceptional and Extraordinary Items and Tax		**703.56**	**1,257.44**	**1,401.03**	**1,379.31**
Exceptional Items		-	-	-	-
Profit before Tax		703.56	1,257.44	1,401.03	1,379.31
Tax Expense		178.37	331.65	283.09	421.82
- Current Tax		334.74	508.42	449.61	583.30
- Deferred Tax		(156.37)	(176.77)	(166.52)	(161.48)
- Provision for Taxation (earlier years)		-	-	-	-
Profit for the year		**525.19**	**925.79**	**1,117.94**	**957.49**
Surplus for the year carried to Balance Sheet		525.19	925.79	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		32.01	11.94	(22.38)	(26.54)
Actuarial Changes in Defined benefit obligation		(3.90)	2.19	22.82	(6.07)
Income Tax relating to items that will not be reclassified to profit or loss		0.98	(0.55)	(5.98)	1.53
Sub Total (A)		**29.09**	**13.58**	**(5.54)**	**(31.08)**

(₹ lakhs)

ANNEXURE II					
Reformatted Summary Statement of Profit and Loss	**Note**	**6 Months ended 30th September**	**Year ended 31st March**		
PARTICULARS		2021	2021	2020	2019
(B) Items that will be reclassified to profit or loss		**-**	-	**-**	-
Total Other Comprehensive Income (A+B)		**29.09**	13.58	(5.54)	**(31.08)**
Total Comprehensive Income		**554.28**	939.37	1,112.40	926.41
Earnings per Equity Share					
Par Value per Equity Share (₹)		**10.00**	10.00	10.00	10.00
- Basic (₹)		**0.86**	1.45	2.19	1.85
- Diluted (₹)		**0.86**	1.45	2.19	1.85
See accompanying Notes forming an integral part of the restated/reformatted financial statements 1-56					

As per our report attached
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.:002485S

For and on behalf of the Board

M. Balasubramaniam
Vice Chairman and
Managing Director
DIN: 00377053

M. Manickam
Chairman
DIN: 00102233

CSK Prabhu
Partner
Membership Number: 019811

Place : Coimbatore
Date :12th March 2022

S. Venkatesh
Company Secretary
Membership No - FCS 7012

Srinivasan Anand
Chief Financial Officer
Membership No.020694

ANNEXURE III

REFORMATTED STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL (Issued, Subscribed and fully paid-up) (Refer Note No - 22)

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	Changes in equity share capital during the year	Balance as at 31st March 2021	Changes in equity share capital during the year	Balance as at 30th September 2021
5,000.00	**1,470.59**	**6,470.59**	**-**	**6,470.59**	**-**	**6,470.59**

B. OTHER EQUITY (Refer Note No -23)

(₹ lakhs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income		
	Statutory Reserves	**Capital Reserve**	**Securities Premium**	**General Reserve**	**Debenture Redemption Reserve**	**Retained Earnings**	**Equity Instruments**	**Actuarial changes in defined benefit obligation**	**Total**
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)**
Security Premium on Preferential Issue of share	-	-	1029.41	-	-	-	-		**1,029.41**
NCD Public Expenses	-	-	(399.56)	-	-	-	-		**(399.56)**
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	3,263.75	(3263.75)	-	-	-	**-**
Transfer to Statutory Reserve	223.59	-	-	-	-	(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**
Profit / (Loss) for the year	-	-	-	-	-	925.79			**925.79**
Dividends	-	-	-	-	-	(388.24)	-	-	**(388.24)**
Other Comprehensive Income for the year	-	-	-	-	-	-	11.94	1.63	**13.57**
Security Premium on Preferential Issue of shares	-	-	-	-	-	-			
Issue Expenses on Preferential Issue of Equity Shares			(1.12)						**(1.12)**
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	-	-	-	-	-	**-**
Transfer to Statutory Reserve	185.16	-	-	-	-	(185.16)	-	-	**-**
Balance as at 31st March 2021	**3,352.67**	**52.61**	**1,429.80**	**4,436.00**	**-**	**3,478.91**	**(36.98)**	**13.93**	**12,726.94**

(₹ lakhs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income		
	Statutory Reserves	Capital Reserve	Securities Premium	General Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instruments	Actuarial changes in defined benefit obligation	Total
Balance as at 31st March 2021	**3,352.67**	**52.61**	**1,429.80**	**4,436.00**	**-**	**3,478.91**	**(36.98)**	**13.93**	**12,726.94**
Profit / (Loss) for the year						525.19			**525.19**
Dividends	-	-	-	-	-	-	-	-	**-**
Other Comprehensive Income for the year							32.01	(2.92)	**29.09**
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	-	-	-	-	-	**-**
Securities Premium on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	**-**
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	**-**
Balance as at 30th September 2021	**3,352.67**	**52.61**	**1,429.80**	**4,436.00**	**-**	**4,004.10**	**(4.97)**	**11.01**	**13,281.22**

ANNEXURE IV

(₹ lakhs)

REFORMATTED CASH FLOW STATEMENT			For the year ended		
Particulars		30th September 2021	31st March 2021	31st March 2020	31st March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	**(Limited review)**	**(Audited)**		
	Profit before tax	**703.56**	**1,257.44**	**1,401.03**	**1,379.31**
	Adjustment to reconcile profit before tax to net cash flows				
	Non-cash expenses				
	Depreciation and amortization	240.46	421.70	465.61	438.72
	Impairment on Loan Assets	520.93	641.18	545.14	337.13
	Bad debts and write-offs	35.07	166.76	170.29	264.64
	Remeasurement gain/(loss) on defined benefit plans	(3.90)	2.19	22.82	(6.07)
	Impairment on investments	1.67	3.46	2.80	2.70
	Impairment on Trade receivables	-	(23.69)	11.21	34.25
	Amortization of fees and Commission on financial liability	147.61	273.89	174.10	143.60
	Income/expenses considered separately				
	Income from investing activities	(158.44)	(252.83)	(253.59)	(300.27)
	Net gain/loss on derecognition of property, plant and equipment	0.12	0.22	1.50	(1.47)
	Finance costs	5,321.73	10,415.94	10,109.40	10,026.54
	Operating profit before working capital changes	**6,808.81**	**12,906.26**	**12,650.31**	**12,319.08**
	Movements in Working Capital:				
	Decrease/(increase) in loans	2,053.74	(3,115.49)	(15,107.49)	(3,784.75)
	Decrease / (increase) in Trade receivables	(35.80)	78.64	(127.04)	(50.99)
	Decrease / (increase) in other receivables	(13.71)	5.17	(8.69)	-
	Decrease / (increase) in other financial assets	(289.66)	344.83	(301.14)	(103.16)
	Decrease / (increase) in other non-financial assets	(98.74)	(69.54)	(94.37)	(14.34)
	Increase / (decrease) in Trade Payables	(52.51)	(23.75)	(17.93)	67.67
	Increase / (decrease) in Other Payables	36.97	49.49	(149.06)	110.97
	Increase / (decrease) in other financial liabilities	(104.48)	63.21	39.06	179.56
	Increase / (decrease) in other non-financial liabilities	(26.80)	(23.42)	(13.40)	15.00
	Increase /(decrease) in Provisions	40.30	(3.64)	17.55	(69.85)
	Cash used in operations	**1,509.31**	**(2,694.50)**	**(15,762.51)**	**(3,649.89)**
	Income taxes paid (net of refunds)	(323.93)	(424.34)	(436.35)	(690.31)
	Interest received on Bank deposits	46.80	31.66	21.19	81.22
	Finance costs paid	(5,299.39)	(9,179.69)	(10,070.99)	(9,986.93)
	Net Cash flows from / (used in) Operating activities (A)	**2,741.60**	**639.39**	**(13,598.35)**	**(1,926.83)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment and intangible assets	(327.78)	(140.66)	(82.08)	(84.15)
	Purchase of investments at amortised cost	-	-	(51.87)	(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	0.03	0.35	0.90	2.55

	Interest income received from investment at amortised cost	111.64	221.17	232.40	219.05
	Increase in earmarked balances with banks	(9,658.83)	93.60	225.65	691.62
	Net cash flows from / (used in) investing activities (B)	**(9,874.94)**	**174.46**	**475.00**	**575.16**

(₹ lakhs)

Annexure (IV) - Reformatted Cash Flow Statement –contd.		For the year ended			
Particulars		30th September 2021	31st March 2021	31st March 2020	31st March 2019
		(Limited review)	**(Audited)**		
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issue of equity shares	**-**	-	2,500.00	-
	Issue Expense of Debt Securities	**-**	(211.53)	(358.51)	(98.65)
	Proceeds from borrowings through debt securities	18,259.68	13,474.41	11,681.70	4,528.00
	Repayment of borrowings through debt securities	(5,061.77)	(16,059.38)	(9,081.08)	(9,194.98)
	Proceeds from borrowings through Deposits	-	702.12	4,461.38	3,528.57
	Repayment of borrowings through Deposits	(4,718.45)	(2,738.22)	(3,846.90)	(2,292.39)
	Proceeds from borrowings other than debt securities	-	5,600.00	5,500.00	1,221.91
	Repayment of borrowings other than debt securities	(2,139.67)	(3,870.19)	(4,580.66)	(4,375.94)
	Proceeds from borrowings through subordinated liabilities	5,090.47	3,837.70	14,496.80	12,858.60
	Repayment of borrowings through subordinated liabilities	90.35	(781.62)	(8,652.45)	(8,955.74)
	(Increase) / decrease in loan repayable on demand	(5,278.91)	25.04	(494.37)	4,465.89
	Lease liability paid	168.68	(152.62)	(146.76)	(135.75)
	Dividend paid (including tax)	-	(388.24)	(602.78)	(602.78)
	Net cash flows from financing activities (C)	**6,410.38**	**(562.53)**	**10,876.37**	**946.74**
	Net increase/(decrease) in cash and cash equivalents **(A+B+C)**	(722.96)	251.32	(2,246.98)	(404.93)
	Cash and cash equivalents at the beginning of the year	1,364.11	1,112.79	3,359.77	3,764.70
	Cash and cash equivalents at the end of the year	**641.15**	**1,364.11**	**1,112.79**	**3,359.77**
	Net cash provided by / (used in) operating activities includes				
	Interest received	8,467.62	16,345.13	15,905.13	11,623.90
	Interest paid	(5,299.39)	(9,179.69)	(10,070.99)	(9986.93)
	Net cash provided by / (used in) operating activities	**3,168.23**	**7,165.44**	**5,834.14**	**1,636.97**
	Cash and cash equivalents at the end of the year				
	i) Cash in hand	299.32	714.34	38.58	1004.97
	ii) Cheques on hand	22.01	540.37	977.21	2050.30
	iii) Balances with banks (of the nature of cash and cash equivalents)	319.82	109.40	97.00	304.50
	Total	**641.15**	**1,364.11**	**1112.79**	**3359.77**

As per our report attached
For CSK Prabhu& Co.,
Chartered Accountants
Firm Regn. No.:002485S

For and on behalf of the Board

M.Balasubramaniam
Vice Chairman and
Managing Director
DIN: 00377053

M.Manickam
Chairman
DIN: 00102233

CSK Prabhu
Partner
Membership Number: 019811

S.Venkatesh
Company Secretary
Membership No - FCS 7012

SrinivasanAnand
Chief Financial Officer
Membership No.020694

Place : Coimbatore
Date :12th March 2022

Annexure (V)

1. Summary of Significant Accounting Policies and Notes on Reformatted Financial Information

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.

2. Significant Accounting Policies

a. Basis of preparation

The Reformatted financial information has been prepared in connection with its proposed public issue of secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures of face value of ₹ 1,000 each (**"NCDs"**) for an amount not exceeding ₹ 5,000 lakhs (**"Base Issue"**) along with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakhs aggregating to an amount not exceeding ₹ 10,000 lakhs (hereinafter referred to as the **"Issue"**) in terms of the requirements of:

1) Section 26 of Part I of Chapter III to the Companies Act, 2013 (the **"Act"**); and
2) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (the **"NCS Regulations"**), as amended

The Reformatted financial information have been extracted from the unaudited Financial Results for the half year ended 30th September 2021 which has been approved by the Board of Directors on 13th November 2021 and audited financial statements for the year ended 31st March 2021 approved by the Board of Directors on 30th June 2021, 31st March 2020 approved by the Board of Directors on 30th July 2020 and for the year ended 31st March 2019 (extracted from the audited first Ind AS financial statements as at and for the year ended 31st March 2020) and approved by the Board of Directors on 30th July 2020.

The financial information for the year ended 31st March 2019 included in the restated financial information have been extracted from the audited first Ind AS financial statements as at and for the year ended 31st March 2020, which has been approved by the Board Directors at their meeting held on 30th July 2020. The Financial statements for the 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 Reformatted financial information has 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 reformatted statement of Assets and Liabilities in the order of liquidity 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 reformatted statement of Assets and Liabilities. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default

- The event of insolvency or bankruptcy of the company and/or its counter parties

The Reformatted financial information 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 Reformatted financial information 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, Judgments and Estimation Uncertainty

The use of estimates are involved 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 on the Reformatted financial information. 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 the financial statements are prudent and reasonable.

Existing circumstances and assumptions about future development however may change due to market changes or circumstances arising that are beyond the control of the company.

d. Impact of Covid-19

Corona Virus spread has led to lockdown 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 lockdown RBI announced moratorium benefits to the borrowers for instalments falling due in between March 2020 to August 2020. The details of moratorium benefits extended by the company is furnished in Note 51.4 of this report.

e. Financial Instruments

i. Initial Recognition

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

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

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

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

ii. Classification and Measurement

The financial assets are classified based on the Company’s business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:
a) At amortised cost
b) At Fair Value through Other Comprehensive Income **(“FVTOCI”)**
c) At Fair Value through Profit and Loss (**“FVTPL”**)

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

Financial Assets at Amortised Cost

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

Business model Assessment Test

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

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

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

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

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

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

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

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

Financial Assets at FVTOCI

Equity instruments

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

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

Financial liabilities at Amortised cost

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

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

iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities 2020-21, 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 the control of the asset.

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

Financial Liability

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

A financial liability shall be considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.
On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in 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:

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 1loans 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 an objective evidence of impairment, are classified under this stage. The Company provides Lifetime ECL for Stage 2 assets.

Stage 3:
90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

f. Fair Value Measurement

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

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company at the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.
The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

The Company determines appropriate classes of assets and liabilities on the basis of the following:
a. the nature, characteristics and risks of the asset or liability; and
b. the level of the fair value hierarchy within which the fair value measurement is categorized.

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

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

The Company recognises an item of property, plant and equipment when:
a. it is probable that future economic benefits associated with the item will flow to the entity; and
b. the cost of the item can be measured reliably.

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

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

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date

Depreciation

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

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

The Management has considered the useful life of office equipment 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' estimate.

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

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

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

i. Investment Property

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

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note No.7 Fair value is determined based on an annual evaluation performed by an accredited external independent valuer."

j. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss if any at the end of each reporting period.

k. Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plan

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

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

Defined Benefit Plan

Gratuity

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

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

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

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income (**"OCI"**) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or 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.

ii. Dividend Income

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

iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

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

iv. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of service delivery. Cheque Bounce charges levied on customers for non-payment of instalment on the contractual date is recognised on realisation. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

v. Sale of Power from Windmills

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

vi. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

m. Foreign Currency Transaction

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

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Nonmonetary 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 the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

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

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

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

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

p. Goods and Services Input Tax Credit

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

q. Leases

As a Lessee

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

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

Lease Liability is initially measured at the present value of the lease payments that are not paid as at that date of recognition discounted at the Company's incremental borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

Amendments to Ind AS 116 Covid-19 Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. This amendment had no significant impact on the financial statements of the Company.

As a Lessor

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

r. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made 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 recognized.

s. Cash and Cash Equivalents

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

t. Statement of Cash Flow

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

u. Earnings Per Share ("EPS")

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

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

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

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:

Classification of financial assets based on the business model and SPPI Test.

Classification of preference shares as financial liability at Amortized cost 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 derecognition 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.

Annexure (VI) Notes forming Part of Reformatted summary Statement of Assets & Liabilities

3. CASH & CASH EQUIVALENTS

(₹ lakhs)

Particulars	As at			
	30th September 2021	31st March 2021	31st March 2020	31st March 2019
Cash on hand	299.32	714.34	38.58	1004.97
Balance with Banks in Current Accounts	319.82	109.40	97.00	304.50
Cheques, drafts on hand	22.01	540.37	977.21	2,050.30
Total	**641.15**	**1,364.11**	**1,112.79**	**3,359.77**

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ lakhs)

Particulars	As at			
	30th September 2021	31st March 2021	31st March 2020	31st March 2019
Earmarked Balances with Banks :				
- Unpaid Dividend Accounts	51.84	56.83	56.39	57.04
Term Deposits with Banks :				
- Free	9,800.00	-	-	375.00
- Under Lien #	182.78	318.96	413.00	263.00
Total	**10,034.62**	**375.79**	**469.39**	**695.04**

Details of Term Deposits under lien

(₹ lakhs)

Particulars	As at September 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Bank Balances other than Cash and Cash equivalents (Note No.4)	Other Financial assets (Note No.8)	Bank Balances other than Cash and Cash equivalents (Note No.4)	Other Financial assets (Note No.8)	Bank Balances other than Cash and Cash equivalents (Note No.4)	Other Financial assets (Note No.8)	Bank Balances other than Cash and Cash equivalents (Note No.4)	Other Financial assets (Note No.8)
For Statutory Liquidity Ratio	182.78	3.71	318.96	12.83	413.00	11.88	263.00	11.33
Total	**182.78**	**3.71**	**318.96**	**12.83**	**413.00**	**11.88**	**263.00**	**11.33**

5. RECEIVABLES

(₹ lakhs)

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
(i) Trade Receivables				
Considered good- Unsecured				
Dues from sale of Wind Power	267.37	231.57	310.22	176.46
Less: Impairment Loss Allowance	(49.16)	(49.16)	(72.86)	(61.65)
Total	**218.21**	**182.41**	**237.36**	**114.81**
(ii) Other Receivables				
Considered good- Unsecured				
Rent Receivables	17.23	3.52	8.69	6.72
Total	**17.23**	**3.52**	**8.69**	**6.72**
Grand Total (i + ii)	**235.44**	**185.93**	**246.05**	**121.53**

There is no due from any directors or other officers of the company or any firm or Private Limited or company in which any Director is a partner, director or a member.

6. LOANS

(₹ lakhs)

Particulars	As at September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
(A) Loans (at amortised cost) *				
Hire Purchase Loans#	1,09,690.58	1,12,645.02	1,08,363.51	93,596.61
Loans Repayable on Demand	934.23	81.36	1,315.22	1,210.52
Other Loans ##	272.84	260.08	358.98	342.30
Total (Gross)	1,10,897.65	1,12,986.46	1,10,037.71	95,149.43
Less: Impairment Loss Allowance	(4,153.66)	(3,632.73)	(2,991.53)	(2,495.31)
Total (Net)	**1,06,743.99**	**109,353.73**	**107,046.18**	**92,654.12**
(B) (i) Secured by Tangible Assets	1,09,690.58	1,12,645.02	1,08,363.51	93,596.61
(ii) Secured by Intangible Assets	-	-	-	-
(iii) Covered by Bank / Govt. Securities	-	-	-	-
(iv) Unsecured	1207.07	341.44	1,674.20	1,552.82
Total (Gross)	1,10,897.65		1,10,037.71	95,149.43
Less: Impairment Loss Allowance	(4,153.66)	(3,632.73)	(2,991.53)	(2,495.31)
Total (Net)	**1,06,743.99**	**1,09,353.73**	**1,07,046.18**	**92,654.12**
(C) (i) Loans in India				
(a) Public Sector	-	-	-	-
(b) Others	1,10,897.65	1,12,986.46	1,10,037.71	95,149.43
Total (Gross)	1,10,897.65	1,12,986.46	1,10,037.71	95,149.43
Less: Impairment Loss Allowance	(4,153.66)	(3,632.73)	(2,991.53)	(2,495.31)
Total (Net) - C (i)	**1,06,743.99**	**1,09,353.73**	1,07,046.18	92,654.12
(ii) Loans Outside India	-	-	-	-
Less: Impairment Loss Allowance	-	-	-	-
Total (Net) - C (ii)	-	-	-	-
Total (Net) - C (i+ ii)	**1,06,743.99**	**1,09,353.73**	**1,07,046.18**	**92,654.12**

* Note:- 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

(₹ lakhs)

Particulars			As at			
			30-Sep-21	31-Mar-21	31-Mar-20	31-Mar-19
At Amortised Cost						
Investments in Government Securities						
Quoted						
Bonds of Central and State Governments	25,68,000	100	2,575.94	2,577.61	2,581.07	2,681.99
Total (A)			**2,575.94**	**2,577.61**	**2,581.07**	**2,681.99**
At Fair Value through Other Comprehensive Income						
Investments in Equity Instruments						
Quoted – Associates						
Sakthi Sugars Limited	5,52,833	10	84.31	52.30	40.36	62.73
Quoted – Others						
Stiles India Limited	100	10	-	-	-	-
Total (B)			**84.31**	**52.30**	**40.36**	**62.73**

(₹ lakhs)

Particulars			As at			
			30-Sep-21	31-Mar-21	31-Mar-20	31-Mar-19
At Cost						
Investments in Equity Instruments Unquoted – Associates						
ABT Industries Limited	150,000	10	15.00	15.00	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	125,000	10	12.50	12.50	12.50	12.50
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00	3.00	3.00
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04	0.04	0.04
Sri Chamundeswari Sugars Limited	186,666	10	7.82	7.82	7.82	7.82
Unquoted – Others						
ABT Co-operative Stores Limited	500	10	0.05	0.05	0.05	0.05
Chokhani International Limited	100	10	0.02	0.02	0.02	0.02
Total (C)			**38.43**	**38.43**	**38.43**	**38.43**
Total (Gross) - (A+B+C)			**2,698.68**	**2,668.34**	**2,659.86**	**2,783.15**
(i) Investments Outside India			-	-	-	-
(ii) Investments In India			2,698.68	2,668.34	2,659.86	2,783.15
Total			**2,698.68**	**2,668.34**	**2,659.86**	**2,783.15**
Less: Impairment Loss Allowance			0.06	0.06	0.06	0.06
Total (Net)			**2,698.62**	**2,668.28**	**2,659.80**	**2,783.09**

In accordance with 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.

8. OTHER FINANCIAL ASSETS

(₹ lakhs)

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
- Interest accrued on Government Securities	56.95	56.16	56.69	55.71
- Interest accrued on Term Deposits	-	-	-	-
- Free	31.18	-	-	24.41
- Under Lien (Refer Note 4)	3.71	12.83	11.88	11.33
- Security Deposits	261.47	169.38	184.43	190.92
- Other Loans and Advances	1,757.73	1,562.29	1,896.74	1,573.92
- Advance to Employees	15.52	29.77	13.64	14.14
Total	**2,126.56**	**1,830.43**	**2,163.38**	**1,870.43**

9. DEFERED TAX ASSETS (Net)

(₹ lakhs)

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
a. Application of Expected Credit Loss on Financial Assets	906.82	-	-	-
b. Employee benefit expenses	39.86	-	-	-
c. Right of Use Assets and Lease Liabilities	6.16	-	-	-
d. Application of EIR	(82.02)	-	-	-
e. Differences in Carrying Amount of Property, Plant and Equipment	(752.95)	-	-	-
Total	**117.87**	-	-	-

10. a) Investment Property

(₹ lakhs)

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2019	**66.87**	**226.74**	293.61
Additions	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
Carrying Amount as at March 31, 2020	66.87	226.74	293.61
Additions	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
Carrying Amount as at March 31, 2021	66.87	226.74	293.61
Additions	0.00	0.00	0.00
Disposals	0.00	0.00	0.00
Carrying Amount as at September 30 2021	**66.87**	**226.74**	**293.61**
Accumulated depreciation / amortisation and impairment			
Balance as at April 01, 2019	**0.00**	**4.60**	4.60
Depreciation for the year	0.00	4.60	4.60
Depreciation on disposals	0.00	0.00	0.00
Balance as at March 31, 2020	**0.00**	**9.20**	**9.20**
Depreciation for the year	0.00	4.60	4.60
Depreciation on disposals	0.00	0.00	0.00
Balance as at March 31, 2021	**0.00**	**13.80**	**13.80**
Depreciation for the year	0.00	2.30	2.30
Depreciation on disposals	0.00	0.00	0.00
Balance as at September 30, 2021	**0.00**	**16.10**	**16.10**
Net Carrying amount			
As at March 31 2019	**66.87**	**222.14**	**289.01**
As at March 31 2020	**66.87**	**217.54**	**284.41**
As at March 31 2021	**66.87**	**212.94**	**279.81**
As at September 30 2021	**66.87**	**210.64**	**277.51**
Useful Life of the Asset (in years)	**-**	**60**	**-**

10. b) Rental Income with respective expenses

(₹ lakhs)

Particulars	**As at 30th September 2021**	**As at 31st March 2021**	**As at 31st March 2020**	**As at 31st March 2019**
Rental Income – Building	17.23	3.52	21.13	24.99
Direct operating expenses on properties generating rental income	0.24	0.49	2.13	1.17

10. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at March 31, 2021	Professional valuer	Price per Square feet	₹ 2,500 - 5,000 per Square feet	5%	370	19
Investment Property As at March 31, 2020	Professional valuer	Price per Square feet	₹ 2,500 - 5,000 per Square feet	5%	370	19
Investment Property As at March 31, 2019	Professional valuer	Price per Square feet	₹ 2,500 - 5,000 per Square feet	5%	359	18

11 (a) Property, Plant and Equipment - Tangible Assets (₹ lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at April 01, 2019	**2,764.91**	**1,712.64**	**85.91**	**1,615.39**	**308.33**	**97.79**	**116.54**	**6,701.51**
Additions	0.00	0.25	8.80	0.00	25.94	0.00	48.44	83.43
Deductions	0.00	0.00	1.49	0.00	0.93	0.63	0.00	3.05
Carrying Amount as at March 31, 2020	**2,764.91**	**1,712.89**	**93.22**	**1,615.39**	**333.34**	**97.16**	**164.98**	**6,781.89**
Additions	0.00	0.00	0.99	0.00	3.86	0.00	46.52	51.37
Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.57	0.57
Carrying Amount as at March 31, 2021	**2,764.91**	**1,712.89**	**94.21**	**1,615.39**	**337.20**	**97.16**	**210.93**	**6,832.69**
Additions	0.00	0.00	1.53	0.00	2.73	0.00	8.44	12.70
Deductions	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.36
Carrying Amount as at September 30 2021	**2,764.91**	**1,712.89**	**95.38**	**1,615.39**	**339.93**	**97.16**	**219.37**	**6,845.03**
Accumulated depreciation / amortisation and impairment								
Balance as at April 01, 2019	**0.00**	**52.88**	**6.93**	**104.57**	**28.94**	**12.98**	**20.69**	**226.99**
Depreciation for the year	0.00	55.10	7.78	104.57	34.78	13.50	23.17	238.90
Depreciation on deductions	0.00	0.00	0.23	0.00	0.00	0.42	0.00	0.65
Balance as at March 31, 2020	**0.00**	**107.98**	**14.48**	**209.14**	**63.72**	**26.06**	**43.86**	**465.24**
Depreciation for the year	0.00	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance as at March 31, 2021	**0.00**	**162.00**	**22.45**	**313.71**	**99.88**	**39.56**	**72.80**	**710.40**
Depreciation for the year	0.00	25.40	4.02	52.43	18.10	6.72	15.21	121.88
Depreciation on deductions	0.00	0.00	0.21	0.00	0.00	0.00	0.00	0.21
Balance as at September 30, 2021	**0.00**	**187.40**	**26.26**	**366.14**	**117.98**	**46.28**	**88.01**	**832.07**
Net Carrying amount								
As at March 31 2019	**2,764.91**	**1,659.76**	**78.98**	**1,510.82**	**279.39**	**84.81**	**95.85**	**6,474.52**
As at March 31 2020	**2,764.91**	**1,604.91**	**78.74**	**1,406.25**	**269.62**	**71.10**	**121.12**	**6,316.65**
As at March 31 2021	**2,764.91**	**1,550.89**	**71.76**	**1,301.68**	**237.32**	**57.60**	**138.13**	**6,122.29**
As at September 30 2021	**2,764.91**	**1,525.49**	**69.12**	**1,249.25**	**221.95**	**50.88**	**131.36**	**6,012.96**
Useful Life of the Asset (in years)	**-**	**60**	**15**	**22**	**10**	**8**	**10**	

Carrying Value of Assets Pledge Against borrowings / Debt Securities as at 31st March 2021 (Refer Note 13 & 14)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets (₹ lakhs)
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
As at 31st March 2021	173.80	1,391.56	-	-	-	-	-	1,565.36

11 (b) Right of use Assets (₹ lakhs)

Particulars	Amount
Gross Carrying Amount as at 1st April 2019	1,439.35
Additions	53.18
Deductions	-
Carrying Amount as at March 31, 2020	**1,492.53**
Additions	-
Deductions	7.97
Carrying Amount as at March 31, 2021	1,484.56
Additions	265.76
Deductions	-
Carrying Amount as at September 30 2021	**1,750.32**
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2019	135.72
Depreciation for the year	144.84
Depreciation on Deductions	-
Balance as at March 31, 2020	**280.56**
Depreciation for the year	133.50
Depreciation on Deductions	-
Balance as at March 31, 2021	**414.06**
Depreciation for the year	70.94
Depreciation on Deductions	-
Balance as at September 30, 2021	**485.00**
Net Carrying amount	
As at March 31 2019	**1,303.63**
As at March 31 2020	**1,211.97**
As at March 31 2021	**1,070.50**
As at September 30 2021	**1,265.32**
Useful Life of the Asset (In years)	3

11 (c) Intangible Assets under development **(₹ lakhs)**

Particulars	Amount
Carrying Amount as at April 01, 2019	**0.00**
Additions	15.07
Disposals	0.00
Carrying Amount as at March 31, 2020	15.07
Additions	71.20
Disposals	0.00
Carrying Amount as at March 31, 2021	86.27
Additions	9.28
Disposals	0.00
Carrying Amount as at September 30 2021	95.55
Net Carrying amount	
As at March 31 2019	**0.00**
As at March 31 2020	**15.07**
As at March 31 2021	**86.27**
As at September 30 2021	**95.55**
Useful Life of the Asset (in years)	

(₹ lakhs)

11 (d) Other Intangible Assets - Computer Software

Particulars	Amount
Carrying Amount as at April 01, 2019	**261.73**
Additions	1.88
Disposals	0.00
Carrying Amount as at March 31, 2020	**263.61**
Additions	15.25
Disposals	0.00
Carrying Amount as at March 31, 2021	**278.86**
Additions	6.29
Disposals	0.00

Carrying Amount as at September 30, 2021	285.15
Accumulated depreciation / amortisation and impairment	
Balance as at April 01, 2019	**71.40**
Depreciation for the year	77.26
Depreciation on disposals	0.00
Balance as at March 31, 2020	**148.66**
Depreciation for the year	27.63
Depreciation on disposals	0.00
Balance as at March 31, 2021	**176.29**
Depreciation for the year	11.58
Depreciation on Deductions	-
Balance as at September 30, 2021	**187.87**
Net Carrying amount	
As at March 31 2019	**190.33**
As at March 31 2020	**114.95**
As at March 31 2021	**102.57**
As at September 30 2021	**97.28**
Useful Life of the Asset (in years)	6

12. OTHER NON- FINANCIAL ASSET

(₹ lakhs)

Particulars	**As at**			
	September 30, 2021	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Considered good-Unsecured				
- Prepaid Expenses	114.67	103.49	112.64	100.68
- GST Input Tax Credit (Refer note no 2 (p))	311.66	221.21	143.34	62.64
- Debenture Issue Expenses (why till September 2021 no issue as other assets for latest issue)	-	268.01	57.60	98.65
- Others	8.12	11.02	10.20	8.48
Total	**434.45**	**603.73**	**323.78**	**270.45**

LIABILITIES AND EQUITY

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
13.PAYABLES				
(I) Trade Payable				
(i) Total outstanding dues of micro enterprises and small enterprises	1.35	3.26	6.87	0.33
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	90.02	140.62	160.76	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	188.45	151.48	101.99	251.05
Total	**279.82**	**295.36**	**269.62**	**436.61**

Micro, Small and Medium Enterprises: Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (**"MSMED Act"**) the total outstanding dues of Micro and Small enterprises which are outstanding for more than the stipulated period and other disclosures as per MSMED Act, are given below:

(₹ lakhs)

Particulars	As at			
	September 30, 2021	**March 31, 2020**	**March 31, 2020**	**March 31, 2019**
a) Dues remaining unpaid to any supplier at the year end				
- Principal	1.35	3.26	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				
	1.35	**3.26**	**6.87**	**0.33**

14. DEBT SECURITIES

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
At Amortised Cost				
Non-Convertible Debentures – Secured	41,944.91	28,929.69	31,453.32	23,807.33
Non-Convertible Debentures – Unsecured	-	-	-	2,500.92
Total	41,944.91	28,929.69	31,453.32	26,308.25
Debt Securities in India	41,944.91	28,929.69	31,453.32	26,308.25
Debt Securities outside India				
Total	**41,944.91**	**28,929.69**	**31,453.32**	**26,308.25**

Note:

i. There is no debt securities measured at FVTPL or designated at FVTPL.
ii. The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹ 30,902.68 lakh (31st March 2021) ₹ 30,772.56 lakhs (31st March 2020) and ₹ 24,582.59 Lakhs (31st March 2019).
iii. For Debt securities subscribed by the related parties Refer Note No: 43.

Details of Non-Convertible Debentures

(₹ lakhs)

Particulars	September 30,2021	March 31,2021	March 31,2020	March 31, 2019
Secured				
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
Maturing between 1 to 2 years	-	-	-	1,310.00
Maturing between 2 to 3 years	-	-	-	-
Interest Range 10% to 11%				
Maturing within 1 year	-	-	-	928.23
Maturing between 1 to 2 years	-	-	-	-
Interest Range 11% to 12%				
Maturing within 1 year	-	-	-	-
Sub-Total (A(i))	**0.00**	**0.00**	**1,310.00**	**2,954.23**
A) (ii) Issued on private placement basis - Face Value of ₹ 1,000				
- Repayable on maturity:				
Interest Range 9% to 10%				
Maturing within 1 year	3,763.50	4,628.00	2,443.50	1,029.00
Maturing between 1 to 2 years	4,797.80	3,201.00	3,659.00	1,455.00

Maturing between 2 to 3 years	2,896.50	3,426.30	2,804.50	3,165.50
Sub-Total (A(ii))	**11,457.80**	**11,255.30**	**8,907.00**	**5,649.50**
TOTAL (A(i + ii))	11,457.80	11.255.30	10,217.00	8,603.73
Add : Interest accrued but not due	468.68	569.28	364.37	324.58
Less: unamortized charges	59.98	52.10	54.82	54.81
(A) Total Amortized Cost	**11,866.50**	**11,772.48**	**10,526.55**	**8,873.50**
B) Public Issue - Face value of ₹ 1,000				
- Repayable on maturity:				
Interest Range 9% to 10%				
Maturing within 1 year	5,324.98	1,991.39	-	-
Maturing between 1 years to 2 years	11,652.10	5,324.98	1,991.39	-
Maturing between 2 years to 3 years	3,272.12	5,489.32	1,661.32	-
Maturing between 3 years to 4 years	8,931.40	3,272.12	3,742.49	-
Maturing between 4 years to 5 years				
Interest Range 10% to 11%				
Maturing within 1 year	-	-	11,040.05	2,014.94
Maturing between 1 years to 2 years	-	-	-	11,040.05
Maturing between 2 years to 3 years	-	-	-	-
Maturing between 3 years to 4 years	-	-	-	-
Interest Range 11% to 12%				
Maturing between 1 years to 2 years	-	-	-	-
Sub-Total (B)	**29,180.60**	**16,077.81**	**18,435.25**	**13,054.99**
Add : Interest accrued but not due	1,338.42	1,079.40	2,491.52	1,878.84
Less: unamortized charges	440.61	-	-	-
(B)Total Amortized Cost	**30,078.41**	**17,157.21**	**20,926.77**	**14,933.83**
TOTAL (A)+(B)	**41,944.91**	**28,929.69**	**31,453.32**	**23,807.33**
C) Non-Convertible Debentures - Unsecured:				
Repayable on maturity:				
Interest Range 13% to 14%				
Maturing between 3 years to 4 years	-	-	-	2500.00
Maturing between 4 years to 5 years	-	-	-	-
Sub-Total (C)	-	-	-	2500.00
Add: Interest accrued but not due	-	-	-	0.92
Total Amortized Cost (C)	-	-	-	2500.92
Total Amortized Cost (A + B + C)	**41,944.91**	**28,929.69**	**31,453,32**	**26,308.25**

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ lakhs)

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31,2019
At amortized cost				
Term Loan –Secured				
- From Banks	4,728.76	5,568.31	1,601.00	1,948.49
- From Other Lenders	1,673.19	2,925.80	5,077.19	3,810.36
Loan Repayable on Demand				
- Cash Credit Facilities from Banks	9,286.15	14,565,05	14,540.01	15,034.35
Total	**15,688.10**	**23,059.16**	**21,218.20**	**20,793.20**
Borrowings in India	15,688.10	23,059.16	21,218.20	20,793.20
Borrowings outside India	-	-	-	-
Total	**15,688.10**	**23,059.16**	**21,218.20**	**20,793.20**

There is no borrowings measured at FVTPL or designated at FVTPL

a) Term loans from Banks are secured as under:

(₹ lakhs)

i	State Bank of India									
			Repayment				Amount Outstanding as on			
Sl No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Commencement date	End date	Moratorium Period	Security Details	30.09.2021	31.03.2021	31.03.2020	31.03.2019
1	5,000.00	11.00%	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	3,881.85	4,398.00	-	-
2	600.00	7.25%	30.11.2020	30.04.2022			225.96	430.00		-
	Add: Interest accrued but not due						37.33	-	-	-
	Less: Unamortized charges						49.88	56.52	-	-
	Total Amortized Cost						**4,095.26**	**4,771.48**	**-**	**-**

(₹ lakhs)

ii	DBS Bank Limited (erstwhile The Lakshmi Vilas Bank Ltd)									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
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
	Add: Interest accrued but not due						-	-	-	5.98
	Less: Unamortized charges						-	-	-	6.00
	Total Amortized Cost						**-**	**-**	**-**	**507.12**

(₹ lakhs)

iii	AU Small Finance Bank Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	2,500.00	10.65%	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	-	-	608.11	1,418.92
	Add: Interest accrued but not due						-	-	2.88	6.73
	Less: Unamortized charges						-	-	2.13	4.97
	Total Amortized Cost						**-**	**-**	**608.86**	**1,420.68**

(₹ lakhs)

iv	IndusInd Bank Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	650.00	12.00%	04.03.2020	04.06.2023	3 Months	Hypothecation of specified Hire Purchase receivables	411.46	512.52	634.61	-
2	350.00	12.00%	04.03.2020	04.06.2023	3 Months		219.77	274.29	340.22	-
	Add: Interest accrued but not due						5.40	6.98	8.65	-
	Less: Unamortized charges						5.56	3.05	4.73	-
	Total Amortized Cost						**631.07**	**790.74**	**978.75**	**-**

(₹ lakhs)

v	HDFC Bank Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	19.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New InnovaCrysta GX Car	2.43	6.09	13.39	20.69
	Add: Interest accrued but not due						-	-	-	-
	Less: Unamortized charges						-	-	-	-
	Total Amortized Cost						**2.43**	**6.09**	**13.39**	**20.69-**

b) Term loans from other Lenders are secured as under:

(₹ lakhs)

i)	Sundaram Finance Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	1,000	10.25%	10.10.2017	10.02.2021	5 Months	Exclusive charge on 17 Wind Mills situated at Tirunelveli/Tirupur District in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar District, Gujarat and guarantee by a director	-	-	188.51	537.76
	Add: Interest accrued but not due								1.11	3.17
	Less: Unamortized charges									
	Total Amortized Cost						**-**		**189.62**	**540.93**

(₹ lakhs)

ii)	Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	170	12.90%	22.11.2016	22.04.2019	6 Months	Hypothecation of Specified Hire Purchase Receivables and a personal guarantee by a Director	-	-	-	6.44
2	1,500	14.00%	06.04.2020	07.03.2022	-		-	801.33	1,500.00	-
	Add: Interest accrued but not due						-	8.30	14.38	0.02
	Less: Unamortized charges						-	10.43	19.84	0
	Total Amortized Cost						**-**	**799.20**	**1,494.54**	**6.46**

(₹ lakhs)

iii)	Hinduja Leyland Finance Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	2,600	10.71%	07.05.2017	07.04.2020	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	-	-	84.28	1,039.08
2	1,500	10.25%	07.03.2018	07.04.2021	2 Months		-	48.40	509.79	1,013.98
	Add: Interest accrued but not due						-	0.33	4.22	14.49
	Less: Unamortized charges						-	-	-	-
	Total Amortized Cost						**-**	**48.73**	**598.29**	**2,067.55**

(₹ lakhs)

iv)	Shriram Transport Finance Company Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	1,000*	12.50%	27.03.2019	26.03.2020	-	Hypothecation of specified Hire Purchase receivables	-	-	-	1,000.00
2	2,000	13.00%	05.09.2019	05.08.2023			1,087.23	1,330.70	1,773.86	-
3	1,000	13.00%	05.05.2020	05.04.2023			578.21	737.19	1,000.00	-
	Add: Interest accrued but not due						14.83	19.15	16.43	2.05
	Less: Unamortized charges						7.08	9.17	13.33	4.93
	Total Amortized Cost						**1,673.19**	**2,077.87**	**2,776.96**	**997.12**
	* Floating balance working capital loan closed on 26.03.2020									

(₹ lakhs)

v)	Profectus Capital (P) Ltd									
			Repayment				Amount Outstanding as on			
Sl No	**Amount of Term Loan sanctioned**	**Rate of Interest per annum**	**Commencement date**	**End date**	**Moratorium Period**	**Security Details**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
1	200	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)

(₹ lakhs)

From the Balance sheet date	As at 30th September 2021		As at 31st March 2021		As at 31st March 2020		As at 31st March 2019	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount Outstanding	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing with 1 year	**9.65 % to**	**9,291.69**	**9.65 % to**	14,556.73	10.55% to	**14,432.38**	11 % to	15,028.40
	12.60%		**12.60%**		12.80		12.50%	
Add: Interest accrued but not due		**16.80**		33.18		**125.96**		40.4
Less: Unamortized charges		**22.34**		24.86		**18.33**		34.45
Total Amortized Cost		**9,286.15**		**14,565.05**		**14,540.01**		**15,034.35**

The cash credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s).

The company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest thereon.

16. DEPOSITS (UNSECURED)

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
At amortized cost				
Public Deposits	12,402.03	17,086.35	19,046.38	18,348.07
Total	**12,402.03**	**17,086.35**	**19,046.38**	**18,348.07**

There is no Deposits measured at FVTPL or designated at FVTPL

Details of Deposits - Unsecured:

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
- Repayable on maturity:				
Interest Range 7.75% to 9%				
Maturing within 1 year	7,106.13	8,025.57	8,322.06	6,058.49
Maturing between 1 to 2 years	3,298.47	5,763.06	7,064.93	6,304.29
Maturing between 2 to 3 years	1,110.36	2,257.83	2,580.74	3,019.28
Interest Range 9% to 10%				
Maturing within 1 year	0.00	0.00	0.00	1,890.32
Maturing between 1 to 2 years	0.00	0.00	0.00	0.00
Interest Range 10% to 11%				
Maturing within 1 year				
Subtotal	11,514.96	16,046.46	17,967.73	17,272.38
Add : Interest accrued but not due	930.24	1,117.20	1,171.20	1,162.57
Less: unamortized charges	43.17	77.31	92.55	86.88
Total Amortized Cost	**12,402.03**	**17,086.35**	**19,046.38**	**18,348.07**

17. SUB-ORDINATED LIABILITIES (UNSECURED)

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
At amortized cost				
Non-Convertible Debentures – Unsecured	11,358.67	6,510.56	4,577.35	-
Redeemable Cumulative Preference Shares (RCPS)	1,548.49	1,842.25	1,630.10	1,656.11
Sub-Ordinated Debts	25,783.94	25,176.84	23,008.68	24,169.85
Total	**38,691.10**	**33,529.65**	**29,216.13**	**25,825.96**
Sub-Ordinated Liabilities in India	38,691.10	33,529.65	29,216.13	25,825.96
Sub-Ordinated Liabilities outside India	-	-	-	-

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 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 shareholder, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31 March 2021, the Company declared and paid an interim dividend of ₹ 134.75 lakhs after deduction of TDS of ₹ 5.54 lakhs on RCPS of ₹ 100 each fully paid (31st March 2020 ₹ 129.65 lakhs and 31st March 2019: ₹ 166.02 lakhs).

Details of Sub-ordinated Liabilities- Unsecured:

(₹ lakhs)

From the Balance sheet date	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
A) Non-convertible Debentures – Unsecured:				
Issued on Public Issue				
- Repayable on maturity:				
Interest Range 10% to 11%				
Maturing between 2 years to 3 years	4,374.80			
Maturing between 3 years to 4 years	1,603.70	4,374.80		
Maturing between 4 years to 5 years	4,759.47	1,603.70	4,374.80	-
Sub-Total (A)	**10,737.97**	**5,978.50**	**4,374.80**	**-**
B) Preference Shares				
- Repayable on maturity:				
9% Redeemable Cumulative Preference Shares				
Maturing within 1 year	-	665.00	835.00	-
Maturing between 1 years to 2 years	-	-	665.00	835.00
Maturing between 2 years to 3 years	-	-	-	665.00
8.25% Redeemable Cumulative Preference Shares				
Maturing between 2 years to 3 years	1,500.00	1,169.00	-	-
Sub-Total (B)	**1,500.00**	**1,834.00**	**1,500.00**	**1,500.00**
C) Sub-Ordinated Debts				
- Repayable on maturity:				
Interest Range 10% to 11%				
Maturing between 2 to 3 years	16,574.20	9,914.40	-	-
Maturing between 3 to 4 years	6,806.40	12,221.80	9,914.40	0.00
Maturing between 4 to 5 years	-	1,244.40	12,221.80	9,914.40
Maturing after 5 years	-	-	179.40	2,279.20
Interest Range 11% to 12%				
Maturing within 1 year			0.00	9,094.39
Maturing between 1 years to 2 years			0.00	0.00
Sub-Total (C)	**23,380.60**	**23,380.60**	**22,315.60**	**21,287.99**
Sub-Total (A+B+C)	**35,618.57**	**31,193.10**	**28.190.40**	**22,787.99**
Add : Interest accrued but not due				
A) Non-convertible Debentures - Unsecured:	755.74	532.06	202.55	-
B) Preference Shares	60.70	8.38	135.00	166.01
C) Sub-Ordinated Debts	2,529.00	1944.88	876.67	3,005.97
Less: Unamortized charges				
A) Non-convertible Debentures - Unsecured:	135.05	-	-	-
B) Preference Shares	12.20	0.13	4.89	9.90
C) Subordinated Debts	125.66	148.64	183.60	124.11
Total Amortized Cost	**38,691.10**	**33,529.65**	**29,216.13**	**25,825.96**

For Sub-Ordinated Liabilities subscribed by related parties, refer Note No. 43

18. OTHER FINANCIAL LIABILITIES

(₹ lakhs)

Particulars	Sept 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Unclaimed dividends (Refer Note below)	51.74	56.73	56.31	56.94
Unclaimed matured deposits and Interest accrued thereon	579.10	349.05	598.66	362.71
Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	47.01	49.32	252.79	562.38
Unclaimed matured debentures and Interest accrued thereon	221.20	182.35	100.73	116.89
Unclaimed Redeemable Cumulative Preference Shares	144.50	181.00	3.00	12.00
Advances from Customers	119.54	449.10	254.64	103.69
Security Deposits	73.21	73.21	11.41	11.41
Lease Liabilities (Refer Note 50)	529.10	331.61	443.17	488.21
Other Payables	-	-	-	12.46
Total	**1,765.40**	**1,672.37**	**1,720.71**	**1,726.69**

Note: Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 500 have not been remitted into Investor Education and Production Fund, awaiting clearance from Income Tax authorities.

19. PROVISIONS

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Provision for Employee Benefits				
Provision for bonus	78.22	47.95	44.00	20.46
Provision for gratuity (net)	18.94	21.12	28.71	38.28
Provision for leave encashment	61.23	49.02	49.02	45.45
Total	**158.39**	**118.09**	**121.73**	**104.19**

20.DEFERRED TAX LIABILITIES (net)

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
a. Application of Expected Credit Loss on Financial Assets	-	(793.33)	(663.41)	(559.36)
b. Employee benefit expenses	-	(29.72)	(30.64)	(5.15)
c. Right of Use Assets and Lease Liabilities	-	(7.35)	(6.27)	(2.05)
d. Application of EIR on Financial Liabilities	-	96.20	99.22	82.56
e. Differences in Carrying amount of Property, Plant and Equipment	-	773.68	816.81	860.25
Total	-	**39.48**	**215.71**	**376.25**

21. OTHER NON-FINANCIAL LIABILITIES

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Tax Deducted at source	41.67	68.47	91.89	105.29
Total	**41.67**	**68.47**	**91.89**	**105.29**

22. SHARE CAPITAL

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Authorised Share Capital				
10,00,00,000 equity shares of Rs.10 each (FY 2019: 10,00,00,000 Equity Shares of ₹ 10 each)	10,000.00	10,000.00	10,000.00	10,000.00
30,00,000 Redeemable Cumulative Preference Shares of 100 each	3,000.00	3,000.00	3,000.00	3,000.00
	13,000.00	**13,000.00**	**13,000.00**	**13,000.00**
Issued, Subscribed and Paid-up Share Capital				
6,47,05,882 Equity Shares of ₹ 10 each fully paid up	**6,470.59**	**6,470.59**	**6,470.59**	**5,000.00**
(FY 2020 : 6,47,05,882 : Equity Shares of ₹ 10 each)				

(₹ lakhs)

a) Reconciliation of shares outstanding at the beginning and end of the year

Particulars	As at 30th September 2021		As at 31st March 2021		As at 31st March 2020		As at 31st March 2019	
	No. of Shares	Amount	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	6,47,05,882	6,470.59	6,47,05,882	6,470.59	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	Nil	Nil	Nil	Nil	1,47,05,882	1,470.59	Nil	Nil
Number of Shares at the end of the year	**6,47,05,882**	**6,470.59**	**6,47,05,882**	**6,470.59**	**6,47,05,882**	**6,470.59**	**5,00,00,000**	**5,000.00**

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

Name of the Shareholder	As at 30th September 2021		As at 31st March 2021		As at 31st March 2020		As at 31st March 2019	
	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights								
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000	19.19	1,24,20,000	16.22	81,10,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400	13.49	87,27,400	17.45	87,27,400
Sakthi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128	11.06	71,57,128	6.82	34,11,246

Name of the Shareholder	As at 30th September 2021		As at 31st March 2021		As at 31st March 2020		As at 31st March 2019	
Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208	8.69	56,24,208	11.25	56,24,208
	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Sakthi Management Services (Coimbatore) Limited	7.09	45,85,434	7.09	45,85,434	7.09	4,585,434	2.27	11,35,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000	6.88	4,450,000	8.90	44,50,000
The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000	6.07	39,25,000	7.85	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162	5.15	33,31,162	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 30th June 2021, recommended a dividend of 6 per cent ₹ 0.60 per share (Dividend for 31st March 2020: ₹ 0.60) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Dividends proposed

(₹ lakhs)

Particulars	**31st March 2021**	**31st March 2020**	**31st March 2019**
Face Value per share (₹)	10.00	10.00	10.00
Dividend Percentage	6%	6%	10%
Dividend per Share (₹)	0.60	0.60	1
Dividend on equity shares	388.24	388.24	500.00
Dividend distribution tax	–	-	102.78
Total Dividend including dividend distribution tax	**388.24**	**388.24**	**602.78**

Note: The dividends proposed for the financial year 31st March 2021, 2020 and 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the company at relevant Annual General Meeting.

23. OTHER EQUITY

(₹ lakhs)

Particulars	**September 30, 2021**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Reserves and Surplus				
Statutory Reserve as per Section 45IC of the RBI Act 1934				
Opening Balance	3,352.67	3,167.51	2,943.92	2,704.65
Add : Transfer from Retained Earnings	-	185.16	223.59	239.27
Closing balance	**3,352.67**	**3,352.67**	**3,167.51**	**2,943.92**
Capital Reserve				
Balance as at the Opening and Closing of the Year	52.61	52.61	52.61	52.61
Securities Premium				
Opening Balance	1,429.80	1,430.92	801.07	801.07

(₹ lakhs)

Particulars	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Add : Securities Premium on Preferential Issue of Equity Shares	-		1,029.41	-
Less : NCD Public issue expenses	-	1.12	399.56	-
Closing Balance	**1,429.80**	**1,429.80**	**1,430.92**	**801.07**
General Reserve				
Opening Balance	4,436.00	4,436.00	1,172.25	500.00
Add : Transfer from Debenture Redemption Reserve	-	-	3,263.75	672.25
Less : Transfer to Retained Earnings	-	-	-	-
Closing Balance	**4,436.00**	**4,436.00**	**4,436.00**	**1,172.25**
Debenture Redemption Reserve				
Opening Balance	-	-	3,263.75	3,936.00
Add : Transfer from Retained Earnings	-	-	-	-
Less : Transfer to General Reserve	-	-	3,263.75	672.25
Closing Balance	**-**	**-**	**-**	**3263.75**
Retained Earnings				
Opening Balance	3,478.91	3,126.52	2,834.95	2,719.51
Add : Profit after tax for the year	525.19	925.79	1,117.94	957.49
Transfer from General Reserve	-	-	-	-
	4,004.10	**4,052.31**	**3,952.89**	**3,677.00**
Less: Appropriations				
Equity Dividend (₹ 0.60 paise per share 2020/2021 and per share 2019/2018)	-	388.24	500.00	500.00
Tax on Dividend-Equity Shares	-	-	102.78	102.78
Transfer to Statutory Reserve	-	-	223.59	239.27
Transfer to Debenture Redemption Reserve	-	185.16	-	-
Closing Surplus	**4,004.10**	**3,478.91**	**3,126.52**	**2,834.95**
Item of Other Comprehensive Income ("OCI")				
(i) Fair value changes in Equity Instruments				
Opening Balance	(36.98)	(48.92)	(26.54)	-
Add : Income/(Expenses) for the year	32.01	11.94	(22.38)	(26.54)
Closing Balance	**(4.97)**	**(36.98)**	**(48.92)**	**(26.54)**
(ii) Actuarial changes in Defined benefit obligation				
Opening Balance	13.93	12.30	(4.54)	-
Add : Income/(Expenses) for the year	(2.92)	1.63	16.84	(4.54)
Closing Balance	**11.01**	**13.93**	**12.30**	**(4.54)**
Closing Balance (i)+(ii)	**6.04**	**(23.05)**	**(36.62)**	**(31.08)**
Total	**13,281.22**	**12,726.94**	**12,176.94**	**11,037.47**

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:

As per Ministry of Corporate Affairs ("MCA") notification dated 16 August 2019 through amendment in the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR and transferred the carrying amount of DRR created up to financial year 2018-19 to retained earnings in the financial year ended 31st March, 2020.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of the RBI Act 1934.

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Notes forming Part of reformatted summary statement of Profit and Loss

24. INTEREST INCOME

(₹ lakhs)

For the year ended/ six months ended **Particulars**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
(On Financial instruments measured at amortised cost)				
Income from Hire purchase operations	8,383.62	16,133.07	15,521.70	14,874.64
Interest from:				
- Loans	84.00	212.06	383.43	439.15
- Bank deposits	46.80	31.66	21.19	81.22
- Investments	111.64	221.17	232.40	219.05
Total	**8,626.06**	**16,597.96**	**16,158.72**	**15,614.06**

There is no income on Financial Instruments measured at FVTOCI

25. FEES AND COMMISSION

(₹ lakhs)

For the year ended/ six months ended **Particulars**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
- Service Charges	78.49	246.06	381.66	576.21
- Stamp and documentation charges	21.32	67.17	102.23	156.43
Total	**99.81**	**313.23**	**483.89**	**732.64**

26. SALE OF POWER FROM WIND MILLS

(₹ lakhs)

For the year ended/ six months ended **Particulars**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
Income from Wind mill -Sale of Electricity	128.46	181.07	208.43	217.66
Total	**128.46**	**181.07**	**208.43**	**217.66**

27. OTHER INCOME

(₹ lakhs)

For the year ended/ six months ended **Particulars**	**30.09.2021**	**31.03.2021**	**31.03.2020**	**31.03.2019**
- Profit on sale of property, Plant and Equipment	-	-	-	1.47
- Miscellaneous income	0.03	0.87	0.40	3.33
Total	**0.03**	**0.87**	**0.40**	**4.80**

28. FINANCE COSTS

(₹ lakhs)

For the year ended/ six months ended Particulars	30.09.2021	31.03.2021	31.03.2020	31.03.2019
(On Financial Liabilities measured at amortised cost)				
Interest Expense on:				
- Deposits	667.81	1,610.12	1,640.61	1,582.63
- Borrowings	1,091.90	2,506.24	2,304.29	2,497.01
- Debt Securities	1,715.34	2,941.86	3,140.72	3,202.12
- Sub-Ordinated Liabilities	1,762.85	3,208.85	2,863.75	2,548.27
- Lease Liability	22.34	29.18	38.41	39.61
- Bank Charges	61.49	119.69	121.62	156.90
Total	**5,321.73**	**10,415.94**	**10,109.40**	**10,026.54**

Note: Other than financial liabilities measured at amortised cost, there are no other financial liabilities measured at FVTPL

29. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ lakhs)

For the year ended/ six months ended Particulars	30.09.2021	31.03.2021	31.03.2020	31.03.2019
(On Financial instruments measured at amortised cost)				
Loans	520.93	641.18	545.14	337.13
Trade Receivables	0.00	(23.69)	11.21	34.25
Investments	1.67	3.46	2.80	2.70
Bad Debts	35.07	166.76	170.29	264.64
Total	**557.67**	**787.71**	**729.44**	**638.72**

There is no impairment on Financial Instruments measured at FVTOCI

30. EMPLOYEE BENEFITS EXPENSE

(₹ lakhs)

For the year ended/ six months ended Particulars	30.09.2021	31.03.2021	31.03.2020	31.03.2019
Salaries and wages	1,180.10	2,386.58	2,315.35	2,160.70
Contributions to Provident and Other Funds	48.74	93.61	98.62	94.09
Staff Welfare Expenses	58.55	84.44	137.59	117.88
Gratuity	26.56	33.09	45.09	29.90
Leave Encashment	13.31	6.48	36.92	63.90
Total	**1,327.26**	**2,604.20**	**2,633.57**	**2,466.47**

31. DEPRECIATION AND AMORTIZATION

(₹ lakhs)

For the year ended/ six months ended Particulars	30.09.2021	31.03.2021	31.03.2020	31.03.2019
Depreciation on Property plant and Equipment	121.87	245.17	238.91	226.98
Depreciation on Investment property	2.30	4.60	4.60	4,60
Amortization – Intangibles	11.60	27.63	77.26	71,41
Amortization - Right of use assets	104.69	144.30	144.84	135.73
Total	**240.46**	**421.70**	**465.61**	**438.72**

32. OTHER EXPENSES

(₹ lakhs)

For the year ended/ six months ended Particulars	30.09.2021	31.03.2021	31.03.2020	31.03.2019
Rent	11.57	60.39	59.89	66.23
Rates, Taxes and Licences	57.52	155.12	179.28	175.74
Stamping on documents	5.21	12.91	27.96	31.63
Communication	22.22	43.80	73.94	91.27

Insurance	6.48	13.22	14.04	15.42
Travelling and Conveyance	129.42	232.50	395.12	502.60
Printing and Stationery	12.91	37.58	48.96	56.68
Power and Fuel	10.76	28.42	40.02	35.63
Advertisements	7.17	12.30	15.92	25.05
Auditor's Remuneration:				
As Auditor:				
- Audit Fee	8.00	16.00	16.00	14.00
- Limited Review Fee	6.50	9.00	7.10	4.85
- Certification Fee	5.40	11.28	5.25	4.87
- Reimbursement of Expenses	1.37	2.17	2.45	1.65
Legal and Professional Charges	142.70	248.49	203.91	237.45
Repairs and Maintenance on:				
- Buildings	26.67	62.25	78.52	90.21
- Machinery	33.91	84.81	52.19	50.98
- Information Technology	84.44	179.46	146.93	76.37
- Other Assets	9.78	22.64	34.70	40.74
Filing Fees	8.77	10.03	9.28	31.28
Directors' Sitting Fees	14.70	22.70	11.80	12.60
Corporate Social Responsibility Expenses (Refer Note 36)	15.47	37.58	12.19	40.79
Loss on Sale of Property, Plant and Equipment	0.12	0.22	1.50	0.00
Debenture Issue Expenses	-	117.02	-	-
Miscellaneous Expenses	8.47	38.70	72.76	160.18
Total	**629.56**	**1,458.59**	**1,509.71**	**1,766.22**

33. CONTINGENT LIABILITIES

(₹ lakhs)

For the year ended/ six months ended Particulars	31.03.2021	31.03.2020	31.03.2019
Claims against the Company not acknowledged as debt;			
a) Income Tax issues	9.83	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29	1,328.29
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 had filed writ petition before the Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT Chennai during the year			
c) The pending litigations as at 31.3.2021 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.			

34. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:

(₹ lakhs)

For the year ended/ six months ended Particulars	31.03.2021	31.03.2020	31.03.2019
Intangible Assets		-	13.02
Travelling and Conveyance		-	5.97
Annual Maintenance Charges - Information Technology	85.79	83.43	83.43

35. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY

Particulars Year to which the dividend relates	2019-20	2018-19	2017-18
No. of non-resident share holders	1	1	1
No. of shares on which dividend remittance was made	4,450,000	4,450,000	4,450,000
Amount remitted (₹ Lakhs)	21.15	44.50	44.50

36. 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 2021:

I. Gross amount required to be spent by the company during the year: ₹ **37.54 lakhs**			
II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken)			
Particulars	**31.03.2021**	**31.03.2020**	**31.03.2019**
a. Construction / acquisition of any asset	-	-	-
b. On purposes other than (a) above:	37.58	12.19	40.79
Total	**37.58**	**12.19**	**40.79**
Refer Note 43 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party. The Company had 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.			

37. 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 is 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.

(₹ lakhs)

Particulars	**As at 31.03.2021**	**As at 31.03.2020**	**As at 31.03.2019**
Tier - I Capital	15,702.21	15,357.08	13,887.80
Tier - II Capital	11,395.40	10,768.57	9,596.46
Total Capital	**27,097.61**	**26,125.65**	**23,484.26**
Aggregate of Risk Weighted Assets	120,332.70	119,197.86	105,057.62
Tier-I Capital adequacy ratio	**13.05**	**12.88**	**13.22**
Total Capital adequacy ratio	**22.52**	**21.91**	**22.35**

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

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

“Tier II Capital” includes the following:

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

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

During the financial year 2020-21, 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	**-**

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ lakhs)

PARTICULARS	Less than 12 months	More than 12 months	**As at 31st March 2021**	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**
ASSETS									
Financial Assets									
Cash and cash Equivalents	1,364.11	-	**1,364.11**	1,112.79	**-**	**1,112.79**	3,359.77	-	**3,359.77**
Bank Balances other than Cash and cash Equivalents	375.79		**375.79**	469.39	**-**	**469.39**	695.04	-	**695.04**
Receivables									
(i) Trade Receivables	182.41	-	**182.41**	237.36	**-**	**237.36**	114.81	-	**114.81**
(ii) Other Receivables	3.52	-	**3.52**	8.69	**-**	**8.69**	6.72	-	**6.72**
Other Long Term Liabilities									
Long-Term Provisions									
Loans	48,784.87	60,568.86	**1,09,353.73**	52,429.41	54,616.77	**1,07,046.18**	48,762.22	43,891.90	**92,654.12**
Investments	200.54	2,467.74	**2,668.28**	-	2,659.80	**2,659.80**	149.60	2,633.49	**2,783.09**
Other Financial Assets	973.64	856.79	**1,830.43**	2,163.38	**-**	**2,163.38**	1,743.13	-	**1,743.13**
Non-Financial Assets									
Current tax Assets (net)	-	-	**-**	36.80	**-**	**36.80**	50.06	-	**50.06**
Deferred tax Assets (net)	-	-	-	**-**	-	**-**	**-**	**-**	**-**
Investment Property	-	279.81	**279.81**	-	284.41	**284.41**	-	289.01	**289.01**
Property Plant and Equipment	-	6,122.29	**6,122.29**	-	6,316.65	**6,316.65**	-	6,474.52	**6,474.52**
Right of use assets	-	1,070.50	**1,070.50**	-	1,211.97	**1,211.97**	99.85	1,331.08	**1,430.93**
Intangible Assets under development	-	86.27	**86.27**	-	15.07	**15.07**	-	-	**-**
Other Intangible Assets	-	102.57	**102.57**	-	114.95	**114.95**	190.33	-	**190.33**
Other Non-Financial Assets	603.73	-	**603.73**	323.78	-	**323.78**	270.45	-	**270.45**
Total Assets	52,488.61	71,554.83	**1,24,043.44**	56,781.60	65,219.62	**1,22,001.22**	**55,441.98**	**54,620.00**	**1,10,061.98**

PARTICULARS	Less than 12 months	More than 12 months	**As at 31st March 2021**	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**
LIABILITIES AND EQUITY									
Liabilities									
Financial Liabilities									
Payables									
(I) Trade Payable									
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	-	**3.26**	6.87	-	**6.87**	0.33	-	**0.33**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	-	**140.62**	160.76	-	**160.76**	185.23	-	**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	151.48	-	**151.48**	101.99	-	**101.99**	251.05	-	**251.05**
Debt Securities	7,229.05	21,700.64	**28,929.69**	17,119.99	14,333.33	**31,453.32**	5,203.87	21,104.38	**26,308.25**
Borrowings (Other than debt securities)	17,971.25	5,087.91	**23,059.16**	17,688.72	3,529.48	**21,218.20**	19,373.58	1,419.62	**20,793.20**
Deposits	8,700.54	8,385.81	**17,086.35**	9,055.02	9,991.36	**19,046.38**	8,636.24	9,711.83	**18,348.07**
Sub-Ordinated Liabilities	524.61	33,005.04	**33,529.65**	967.45	28,248.68	**29,216.13**	12,136.34	13,689.62	**25,825.96**
Other Financial Liabilities	1,267.55	404.82	**1,672.37**	1,388.74	331.97	**1,720.71**	1,283.52	443.17	**1,726.69**
Non-Financial Liabilities									
Current tax Liabilities (net)	47.29	-	**47.29**	-	-	**-**	-	-	**-**
Provisions	69.07	49.02	**118.09**	72.71	49.02	**121.73**	58.74	45.45	**104.19**

(₹ lakhs)

PARTICULARS	Less than 12 months	More than 12 months	**As at 31st March 2021**	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**
Deferred tax Liabilities (net)	-	39.48	**39.48**	-	215.71	**215.71**	-	376.25	**376.25**
Other Non-Financial Liabilities	68.47	-	**68.47**	91.89	-	**91.89**	105.29	-	**105.29**
Equity									
Equity Share Capital	-	6,470.59	**6,470.59**	-	6,470.59	**6,470.59**	-	5,000.00	**5,000.00**
Other Equity	-	12,726.94	**12,726.94**	-	12,176.94	**12,176.94**	-	11,037.47	**11,037.47**
Total Liabilities and Equity	**36,173.19**	**87,870.25**	**1,24,043.44**	**46,654.14**	**75,347.08**	**1,22,001.22**	**47,234.19**	**62,827.79**	**1,10,061.98**

40. 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**

(₹ lakhs)

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**	**101,377.20**

(₹ lakhs)

Particulars	31st March 2020	Cash Flows	Others	31st March 2021
Debt Securities	31,453.32	(2,584.97)	61.34	28,929.69
Deposits	19,046.38	(2,036.10)	76.07	17,086.35
Borrowings Other than Debt securities	21,218.20	1,729.81	111.15	23,059.16
Sub-Ordinated Liabilities	29,216.13	3,056.08	1,257.44	33,529.65
Lease Liability	443.17	(152.62)	41.06	331.61
Total	**101,377.20**	**12.20**	**1,547.06**	**102,936.46**

41. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between tax Expense and Accounting Profit

(₹ lakhs)

Sl No	Particulars	FY 2020-21	FY 2019-20	FY 2018-19
1	Profit before Tax	1,257.44	1,401 .03	1,379 .31
2	Applicable Income Tax Rate	25.17%	25.17%	29.12%
3	Expected Income Tax Expense	316.48	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	471.85	380.17	387.69
	- Effect of expenses / provisions deductible in determining taxable profit	(480.90)	(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	24.22	-	86.02
	- Tax Effect of Adjustments	0.00	(69.52)	20.16
5	Tax Expense/(Income)	331.65	283.09	421.82

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

(₹ lakhs)

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	0.00	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)	0.00	2.05
4	Application of EIR on Financial Liabilities	(72.46)	10.10	0.00	(82.56)
5	Differences in Carrying amount of Property, Plant and Equipment	(1,038.54)	(178.29)	0.00	(860.25)
	Deferred Tax Asset / (Liabilities)	(539.26)	(161.48)	(1.53)	(376.25)

(₹ 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)	0.00	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)	0.00	6.27
4	Application of EIR On Financial Liabilities	(82.56)	16.66	0.00	(99.22)
5	Differences in Carrying amount of Property, Plant and Equipment	(860.25)	(43.44)	0.00	(816.81)
	Deferred Tax Asset / (Liabilities)	(376.25)	(166.52)	5.98	(215.71)

(₹ lakhs)

Sl No	Particulars	Balance as at 31.03.2020	Tax Expense/ (Income) charged in P&L	Tax Expense/(Income) charged in OCI	Balance as at 31.03.2021
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	663.41	(129.92)	0.00	793.33
2	Employee benefit expenses	30.64	0.37	0.55	29.72
3	Right of Use Assets & Lease Liabilities	6.27	(1.08)	0.00	7.35
4	Application Of EIR On Financial Liabilities	(99.22)	(3.02)	0.00	(96.20)
5	Differences in Carrying amount of Property, Plant and Equipment	(816.81)	(43.13)	0.00	(773.68)
	Deferred Tax Asset / (Liabilities)	(215.71)	(176.78)	0.55	(39.48)

c. **Tax Items in Statement of Profit and Loss**

(₹ lakhs)

Sl No	Particulars	31st March 2021	31st March 2020	31st March 2019
1	Current Tax Expense/(Income)	508.42	449.61	583.30
2	Deferred Tax Expense/(Income)			
	- Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(176.77)	(166.52)	(102.17)
	- Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	0.00	0.00	(59.31)
	- Income Tax Expense / (Income) recognised in statement of profit and loss	331.65	283.09	421.82

d. **Tax Items recognised in Other Comprehensive Income**

(₹ lakhs)

Sl No	Particulars	31st March 2021	31st March 2020	31st March 2019
1	Tax Expense			
	- Current Tax Expense	-	-	-
	- Deferred Tax Expense	0.55	5.98	(1.53)
	- Income Tax Expense/(Income) recognised in Other Comprehensive Income	0.55	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.

42. Disclosure requirements Under Ind AS 19 ("Employee Benefits")

a. Defined benefit obligation – Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows

1. **Interest rates risk:** The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

2. **Salary inflation risk:** Higher than expected increases in salary will increase the defined benefit obligation.

3. **Demographic risks:** This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. **Actuarial Risk**: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons.

   Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected

   Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date

5. **Investment Risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

(₹ lakhs)

Sl No	Particulars	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
I	**Present Value of Defined Benefit Obligation**			
	Defined benefit obligation at the beginning of the period	197.87	257.25	263.39
	(i) Current service cost	21.70	20.79	22.98
	(ii) Past Service Cost	-	-	-
	(iii) Interest Cost	11.53	12.19	18.51
	(iv) Re-measurement Loss/(gain) due to :			
	(a) Changes in financial assumptions	(2.01)	10.56	-
	(b) Changes in demographic assumptions	(0.13)	(0.40)	(3.84)
	(c) Experience on defined benefit obligation	(6.89)	(1.33)	(23.49)
	(v) Benefits paid	(23.20)	(101.19)	(20.30)
	Defined benefit obligation as at the end of the period	198.87	197.87	257.25
II	**Fair Value of Plan Assets**			
	Fair Value of Plan Assets at the beginning of the period	169.16	218.97	188.12
	(i) Benefits Paid	(23.20)	(101.19)	(20.30)
	(ii) Employer Contribution	28.02	9.52	69.02
	(iii) Expected Interest Income on Plan assets	10.62	10.21	15.53
	(iv) Actuarial (Loss)/Gain from Return on plan assets	(6.84)	31.65	(33.40)
	Fair Value of Plan Assets as at the end of the period	177.76	169.16	218.97
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	**21.11**	**28.71**	**38.28**
III	**Cost of Defined Benefit Plan for the Year**			
	(i) Current service cost	21.70	20.79	22.98
	(ii) Past Service Cost	-	-	-
	(iii) Interest Cost	11.53	12.19	18.51
	(iv) Expected Interest Income on Plan assets	(10.62)	(10.21)	(15.53)
	Net Cost recognized in the Statement of Profit and Loss	22.61	22.77	25.96
IV	**Re-measurement (Loss)/gain due to**			
	(a) Changes in financial assumptions	(2.01)	(10.56)	-
	(b) Changes in demographic assumptions	(0.13)	0.40	3.84
	(c) Experience on defined benefit obligation	(6.89)	1.33	23.49
	Actuarial (Loss)/Gain from Return on plan assets	6.84	31.65	(33.40)
	Net cost recognised in Other Comprehensive Income	(2.19)	22.82	(6.07)
V	**Significant Actuarial Assumptions**			
	(i) Discount Rate	6%	6%	7%
	(ii) Expected Return on Plan Assets	6%	6%	7%
	(iii) Salary Escalation Rate	4%	4%	4%
	(iv) Attrition Rate	19%	22%	15%

(₹ lakhs)

Sl No	Particulars	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
VI	**Sensitivity Analysis for significant actuarial assumption**			
	(i) Discount Rate			
	+ 100 Basis Rate	(3.48%)	(6.39%)	(7.44%)
	- 100 Basis Rate	3.81%	6.91%	8.11%
	(ii) Salary Growth			
	+ 100 Basis Rate	3.66%	6.67%	8.11%
	- 100 Basis Rate	(3.40%)	(6.27%)	(7.56%)
	(iii) Attrition Rate			
	+ 100 Basis Rate	(0.00%)	(0.11%)	0.54%
	- 100 Basis Rate	(0.02%)	0.09%	(0.62%)

b. Other Long Term Benefits - Leave Encashment

The leave encashment is long term benefit plan that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

1. **Interest rates risk**: The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. **Salary inflation risk**: Higher than expected increases in salary will increase the defined benefit obligation.

3. **Demographic risks:** This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination 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		
		31.03.2021	31.03.2020	31.03.2019
I	**Present Value of Defined Benefit Obligation**			
	Defined benefit obligation at the beginning of the period	49.02	45.45	42.19
	(i) Current service cost	8.91	8.35	7.27
	(ii) Interest Cost	2.83	1.94	2.18
	(iii) Re-measurement Loss/(gain) due to :			
	(a) Changes in financial assumptions	0.01	2.75	-
	(b) Changes in demographic assumptions	(0.38)	-	-
	(c) Experience on defined benefit obligation	(12.84)	23.88	54.44
	(iv) Benefits paid	(6.20)	(33.35)	(60.63)
	Defined benefit obligation as at the end of the period	41.35	49.02	45.45
II	**Cost of Defined Benefit Plan for the Year**			
	(i) Current service cost	8.91	8.35	7.27
	(ii) Interest Cost	(10.38)	1.94	2.19
	Net Cost recognized in the Statement of Profit and Loss	(1.47)	10.29	9.46
III	**Significant Actuarial Assumptions**			
	(i) Discount Rate	6%	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	(3.73%)	(1.95%)	(2.49%)
	- 100 Basis Rate	4.10%	2.14%	2.86%
	+ 100 Basis Rate	3.65%	1.91%	2.75%
	- 100 Basis Rate	(3.31%)	(1.77%)	(2.43%)
	(iii) Attrition Rate			
	+ 100 Basis Rate	(0.05%)	0.05%	0.47%
	- 100 Basis Rate	(0.08%)	(0.07%)	(0.54%)

43. 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
		RamanandhaAdigalar Foundation
		Sakthifinance Financial Services Ltd.
		Sakthifinance Holdings Ltd.
		Sakthi Realty Holdings Ltd.
		Sakthi Sugars Ltd.
		Sakthi Auto Components Ltd
		Sakthi Properties (Coimbatore) Ltd
		Sri Chamundeswari Sugars Ltd.
		Sri Sakthi Textiles Ltd.
		Sakthi Pelican Insurance Broking Private Ltd
		The Gounder and Company Auto Ltd
		Sakthi Foundation
		Suddha Sanmarga Nilayam
B	**Key Management Personnel**	
		Dr M Manickam, Chairman
		Sri M Balasubramaniam, Vice Chairman and Managing Director
		Sri M Srinivaasan, Director
		Dr A Selvakumar Independent Director
		Sri P S Gopalakrishnan, Independent Director
		Smt Priya Bhansali, Independent Director
		Sri K P Ramakrishnan, Independent Director
		Dr S Veluswamy, Director (Finance & Operations)
		Sri S Venkatesh, Company Secretary
C	**Relatives of Key Management Personnel**	
		Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam
		Smt Samyuktha Vanavarayar, Daughter of Sri M Balasubramaniam
		Ms Shruthi Balasubramaniam, Daughter of Sri M Balasubramaniam
		Mr Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam
		Sri M HariharaSudhan, Son of Dr M Manickam
		Smt Bhavani Gopal, Wife of Sri P S Gopalakrishnan

		Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan
		Selvi Anusha Bhansali, daughter of Smt Priya Bhansali

Transactions / Material Transactions with Related Parties made during the year

(₹ lakhs)

Transactions / Material Transactions with Related Parties made during the year					For the year ended 31st March		
Sl No	**Nature of Transactions**	**Related parties where significant influence is exercised where controls exist**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**2021**	**2020**	**2019**
1	**Income**						
	Rent received						
	Sakthifinance Financial Services Ltd	3.52	-	-	3.52	3.52	3.82
	Income from HP Operations						
	Sakthi Foundation	21.76	-	-	21.76	5.39	-
	SuddhaSanmargaNilayam	3.19	-	-	3.19	4.53	-
	Interest Income						
	ABT Industries Ltd.	78.65	-	-	78.65	9.72	28.80
2	**Expenses**						
	Purchase of fuel						
	N.Mahalingam& Co	7.47	-	-	7.47	11.56	19.64
	Rent paid						
	M.Balasubramaniam	-	-	-	-	1.20	2.40
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	1.20	-
	M. Srinivaasan	-	63.72	-	63.72	56.64	30.00
	ARC Retreading Company Pvt Ltd	2.01	-	-	2.01	1.94	
	Resource Mobilisation Charges						
	Sakthifinance Financial Services Ltd.	153.53	-	-	153.53	225.70	56.71
	Printing charges						
	Nachimuthu Industrial Association	15.45	-	-	15.45	22.19	19.64
	Sakthi Sugars Ltd. (Om Sakthi)	3.60	-	-	3.60	2.42	2.73
	CSR Expenses						
	Ramanandha Adigalar Foundation	0.40	-	-	0.40	-	23.53
	Deputation Charges						
	Sakthifinance Financial Services Ltd.	-	-	-	-	50.43	74.69
	Remuneration						
	M.Balasubramaniam	-	41.40	-	41.40	49.79	47.69
	S.Veluswamy	-	29.47	-	29.47	33.66	31.87
	M.K.Vijayaraghavan	-	-	-	-	4.99	35.87
	S.Venkatesh	-	15.45	-	15.45	16.94	16.49

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

(₹ lakhs)

Transactions / Material Transactions with Related Parties made during the year					For the year ended 31st March		
Sl No	**Nature of Transactions**	**Related parties where significant influence is exercised where controls exist**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**2021**	**2020**	**2019**
	Perquisites						
	M.Balasubramaniam	-	-	-	-	3.90	3.90
	S.Veluswamy	-	1.76	-	1.76	0.34	0.34
	S.Venkatesh	-	-	-	-	-	0.46
	Employee Benefits						
	M.Balasubramaniam	-	5.87	-	5.87	6.05	6.05
	S.Veluswamy	-	2.28	-	2.28	2.35	2.35
	S.Venkatesh	-	1.14	-	1.14	1.18	1.18
	Commission**						
	M.Balasubramaniam	-	56.73	-	56.73	49.41	60.50
	Sitting Fees						
	Non-Executive Directors						
	M.Manickam	-	1.90	-	1.90	1.20	0.80
	M.Srinivaasan	-	2.40	-	2.40	1.00	1.40
	Independent-Directors						
	A Selvakumar	-	6.00	-	6.00	3.20	3.80
	P S Gopalakrishnan	-	3.30	-	3.30	1.60	2.00
	PriyaBhansali	-	4.10	-	4.10	2.00	1.60
	K P Ramakrishnan	-	5.00	-	5.00	2.80	3.00
3	**Assets**						
	Loans and advances given						
	S.Venkatesh	-	15.00	-	15.00	-	-
	Loans and advances repaid						
	ABT Industries Ltd	(499.00)	-	-	(499.00)	(400.00)	-
	S.Venkatesh	-	(0.83)	-	(0.83)	-	
	Outstanding as at the year end						
	Loans and Advances						
	Sakthi Foundation	121.18	-	-	121.18	119.39	-
	Suddha Sanmaga Nilayam	18.96	-	-	18.96	25.07	-
	Sakthifinance Financial Services Ltd	29.26	-	-	29.26	-	-
	Sakthi Reality Holdings Ltd	0.01			0.01	0.49	-
	Sakthi Auto Motors Ltd	5.40	-	-	5.40	5.40	-
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83	-
	ABT Industries Ltd	-	-	-	-	5.40	-
	S.Venkatesh	-	14.17	-	14.17	-	-

(₹ lakhs)

Transactions / Material Transactions with Related Parties made during the year					For the year ended 31st March		
Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	2021	2020	2019
	Liabilities:						
	Transactions during the year						
	Investment in NCDs:						
	ABT Finance Ltd	400.00	-	-	400.00	-	-
	Sakthifinance Financial Services Ltd	700.00	-	-	700.00	-	-
	Outstanding as at the year end						
	Investment in NCDs:						
	Sri Chamundeswari Sugars Limited	-	-	-	-	-	-
	ABT Finance Ltd	12.46	-	-	12.46	-	-
	Sakthifinance Financial Services Ltd	4.75	-	-	4.75	-	-
	Sri P S Gopalakrishnan	-	10.00	-	10.00	-	-
	Smt.Vinodhini Balasubramaniam	-	-	80.00	80.00	70.00	-
	Smt.Samyuktha Vanavarayar	-	-	75.00	75.00	75.00	50.00
	Ms.Shruthi Balasubramaniam	-	-	68.00	68.00	63.00	20.23
	Smt Bhavani Gopal	-	-	-	-	50.00	56.00
	Smt Lalitha Ramakrishnan	-	-	30.00	30.00	24.00	21.00
	Sri Harihara Sudhan Manickam	-	-	2.00	2.00	2.00	2.00
	Selvi Anusha Bhansali	-	-	10.00	10.00	-	-
	Investments in Deposits						
	Bhavani Gopal	-	-	-	-	20.00	20.00
	Amrit Vishnu Balasubramaniam	-	-	-	-	8.83	8.83
	Sri Harihara Sudhan Manickam	-	-	7.74	7.74	6.64	1.10
	Subscription in SD Bonds:						
	Smt. Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	10.00	10.00	10.00
	Liabilities for Expenses Payable:						
	ABT Ltd	3.79	-	-	3.79	3.79	-
	ABT Industries Ltd	7.97	-	-	7.97	-	-
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.16	-
	Nachimuthu Industrial Association	3.26	-	-	3.26	6.87	0.33
	N. Mahalingam and Co.	0.98	-	-	0.98	-	2.07
	Sakthi Sugars Ltd	0.66	-	-	0.66	0.21	0.10
	M.Srinivaasan	-	2.89	-	2.89	2.32	-

44. 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 31.03.2021	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	6,47,05,882	5,00,00,000	5,00,00,000
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882	5,00,00,000
(b) Weighted average number of shares outstanding during the year (no's)	6,47,05,882	5,07,63,420	5,00,00,000
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	939.37	1,112.40	926.41
Basic and diluted earnings per share (₹)	**1.45**	**2.19**	**1.85**

45. Financial Risk Management framework

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee

Credit Risk:

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations. The Company has a comprehensive and well - defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit Loss (**"ECL"**) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

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 Ind AS, the company has followed Ind AS 109 for the calculation of expected credit loss. The measurement of ECL involves three main components viz, Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Definition of Default

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD). 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 & Loss.

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

Particulars	31st March 2021				31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	88,735.09	16,319.59	4,983.03	**1,10,037.71**	78,498.26	11,999.70	4,651.47	**95,149.43**
New business - net of recovery	49,384.44	1,458.82	-	**50,843.26**	55,339.50	7,571.34	122.41	**63,033.25**
Transfers due to change in credit worthiness								
Stage 1	3,455.57	(3,414.05)	(41.52)	**-**	3,089.84	(2,988.08)	(101.76)	**0.00**
Stage 2	(6,197.08)	6,303.02	(105.94)	**0.00**	(7,093.80)	7,128.68	(34.88)	**0.00**
Stage 3	(1,203.51)	(1,007.37)	2,210.88	**-**	(848.48)	(930.33)	1,778.81	**-**
Financial Assets that have been derecognized	(37,016.55)	(9,397.49)	(1,313.70)	**(47,727.74)**	(40,190.95)	(6,449.54)	(1,334.20)	**(47,974.69)**
Write off during the year	(21.23)	(6.80)	(138.74)	**(166.77)**	(59.28)	(12.18)	(98.82)	**(170.28)**
Balance at the end of the year	97,136.73	10,255.72	5,594.01	**1,12,986.46**	88,735.09	16,319.59	4,983.03	**1,10,037.71**

The following table provides an overview of the Expected Credit Loss, Stage-wise:

Particulars	31st March 2021				31st March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	97.12	322.72	2,571.69	**2,991.53**	139.53	269.59	2,086.19	**2,495.31**
New business - net of recovery	36.00	35.59	-	**71.59**	52.69	184.75	29.40	**266.84**
Transfers due to change in credit worthiness								
Stage 1	12.14	(11.90)	(0.24)	**0.00**	2.80	(2.62)	(0.18)	**(0.00)**
Stage 2	(179.80)	183.19	(3.39)	**(0.00)**	(109.64)	110.36	(0.72)	**(0.00)**
Stage 3	(247.36)	(237.62)	484.98	**-**	(275.80)	(330.81)	606.61	**-**
Financial Assets that have been derecognized	413.18	7.18	259.03	**679.39**	287.70	94.87	(67.29)	**315.28**
Write off during the year	(0.56)	(2.24)	(106.98)	**(109.78)**	(0.16)	(3.41)	(82.33)	**(85.90)**
Balance at the end of the year	130.72	296.92	3205.09	**3632.73**	**97.12**	**322.73**	**2571.68**	**2991.53**

The following table provides an overview of the gross carrying amount of loan assets stage-wise:

Particulars	31st March 2020				31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	78,498.26	11,999.70	4,651.47	**95,149.43**	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	**63,033.25**	49,687.00	4,359.43	186.11	**54,232.54**

Transfer due to change in credit worthiness								
Stage 1	3,089.84	(2,988.08)	(101.76)	**0.00**	1,209.09	(1,130.30)	(78.79)	**0.00**
Stage 2	(7,093.80)	7,128.68	(34.88)	**0.00**	(6,070.87)	6,112.76	(41.89)	**0.00**
Stage 3	(848.48)	(930.33)	1,778.81	**0.00**	(1,014.11)	(920.78)	1,934.89	**0.00**
Financial Assets that have been derecognised	(40,190.95)	(6,449.54)	(1,334.20)	**(47,974.69)**	(40,062.18)	(8,791.06)	(1,576.06)	**(50,429.30)**
Write off during the year	(59.28)	(12.18)	(98.82)	**(170.28)**	(104.37)	(19.02)	(141.26)	**(264.65)**
Balance at the end of the year	88,735.09	16,319.59	4,983.03	**1,10,037.71**	78,498.25	11,999.70	4,651.48	**95,149.43**

The following table provides an overview of the Expected Credit Loss, stage-wise:

Particulars	**31st March 2020**				**31st March 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the year	139.53	269.59	2,086.19	**2,495.31**	120.05	259.67	1,759.98	**2,139.70**
New business- net of recovery	52.69	184.75	29.40	**266.84**	45.08	136.83	43.40	**225.31**
Transfer due to change in credit worthiness								
Stage 1	2.80	(2.62)	(0.18)	**(0.00)**	3.14	(3.02)	(0.12)	**0.00**
Stage 2	(109.64)	110.36	(0.72)	**(0.00)**	(104.32)	105.22	(0.90)	**0.00**
Stage 3	(275.80)	(330.81)	606.61	**0.00**	(346.67)	(348.46)	695.13	**0.00**
Financial Assets that have been derecognised	287.70	94.87	(67.29)	**315.28**	422.55	121.62	(297.97)	**246.20**
Write off during the year	(0.16)	(3.41)	(82.33)	**(85.90)**	(0.30)	(2.27)	(113.33)	**(115.90)**
Balance at the end of the year	97.12	322.73	2,571.68	**2,991.53**	139.53	269.59	2,086.19	**2,495.31**

Geographical break-up of portfolio- Net Stock on Hire

			₹ lakhs)
	FY2021	**FY2020**	**FY2019**
Tamil Nadu &Puducherry	92,271	85,435	72,605
Kerala	15,579	18,176	16,560
Karnataka	2,787	3,084	2,764

Andhra	2,008	1,669	1,668
Total	**112,645**	**108,364**	**93,597**

Portfolio composition - Net Stock on Hire

			(₹ lakhs)
	FY2021	**FY2020**	**FY2019**
Commercial Vehicles	1,00,345	97,047	83,690
Cars & Jeeps	9,173	8,603	7,682
Construction Equipment	2,435	2,000	1,510
Machinery	689	649	690
Consumer Durable	3	65	25
Total	**1,12,645**	**1,08,364**	**93,597**

Liquidity Risk:

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee (**"ALCO"**) reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021, 31st 2020 and March 31,2019 is furnished hereunder.

(₹ lakhs)

Particulars	**As at March 31,2021**						
	Up to 3 months	**Over 3 months & up to 6 months**	**Over 6 months & up to 1 year**	**Over 1 year & up to 3 years**	**Over 3 years & up to 5 years**	**Over 5 years**	**Total**
Financial Liabilities							
Deposits	1,387.46	3,902.83	3,816.16	8,328.95	-	-	**17,435.40**

Borrowings	5,377.82	2,759.84	18,062.21	33,921.95	25,628.35	-	**85,750.17**
Foreign Currency Assets	-	-	-	-	-	-	**-**
Foreign Currency Liabilities	-	-	-	-	-	-	**-**
Total	**6,765.28**	**6,662.67**	**21,878.37**	**42,250.90**	**25,628.35**	**-**	**1,03,185.57**
Financial Assets							
Cash and cash equivalents	714.34	-	-	-	-	-	**714.34**
Bank balances	937.19	-	101.20	-	-	-	**1,038.39**
Loans	12,837.84	12,406.18	23,540.85	54,996.22	5,098.34	474.30	**1,09,353.73**
Investments	-	-	200.54	1,073.17	613.44	781.13	**2,668.28**
Other financial assets	864.33	217.19	342.46	800.76	738.88	-	**2,963.62**
Total	**15,353.70**	**12,623.37**	**24,185.05**	**56,870.15**	**6,450.66**	**1,255.43**	**1,16,738.36**

(₹ lakhs)

Particulars	**As at March 31, 2020**						
	Up to 3 months	**Over 3 months & up to 6 months**	**Over 6 months & up to 1 year**	**Over 1 year & up to 3 years**	**Over 3 years & up to 5 years**	**Over 5 years**	**Total**
Financial Liabilities							
Deposits	1,920.49	2,964.92	4,769.13	9,990.50	-	-	**19,645.04**
Borrowings	15,403.29	1,744.47	19,008.22	14,368.29	31,538.80	178.11	**82,241.18**
Foreign Currency Assets	-	-	-	-	-	-	**-**
Foreign Currency Liabilities	-	-	-	-	-	-	**-**
Total	**17,323.78**	**4,709.39**	**23,777.35**	**24,358.79**	**31,538.80**	**178.11**	**101,866.22**
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**	**113,939.14**

(₹ lakhs)

Particulars	**As at March 31, 2019**						
	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	1,230.10	**322.07**	180.84	186.66	265.50	-	**2,185.17**
Total	**16,796.43**	**11,569.70**	**26,183.91**	**39,458.40**	**5,707.57**	**1,961.18**	**101,677.19**

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 maximizing the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company’s exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest-bearing financial instruments is as follows:

(₹ lakhs)

Particulars	As at		
	31.03.2021	31.03.2020	31.03.2019
Financial assets			
Fixed rate instruments			
Loans	1,12,986.46	1,10,037.71	95,149.43
Investments	2,577.61	2,581.07	2,681.99
Bank Balances	318.96	413.00	638.00
Variable rate Instruments	-	-	-
Total	**1,15,883.03**	**113,031.78**	**98,469.42**
Financial Liabilities			
Fixed rate instruments			
Debt securities	29,112.04	31,554.05	26,425.14
Borrowings (other than debt securities)	8,494.11	6,678.19	5,758.85
Deposits	17,435.40	19,645.04	18,710.78
Sub-Ordinated liabilities	31,736.72	27,838.82	24,732.23
Preference Shares	1,842.25	1,630.10	1,656.11
Variable rate instruments			
Bank Borrowings	14,565.05	14,540.01	15,034.35
Total	**1,03185.57**	**1,01,886.21**	**92,317.46**

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:

(₹ lakhs)

Particulars	31.03.2021		31.03.2020		31.03.2019	
	1% increase/ decrease in interest rate					
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Variable rate instruments- carrying amount	+83	(83)	+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.

46. DISCLOSURE PURSUANT TO IND AS "108" - OPERATING SEGMENTS

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "**Operating Segments**" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

47. DISCLOSURE PURSUANT TO IND AS "113"

₹ lakhs)

1. Financial Assets designated at Fair value through Other Comprehensive Income				
Particulars	**Fair Value hierarchy**	**As at 31st March 2021**	**As at 31st March 2020**	**As at 31st March 2019**
Investment in Equity Instruments	Level 1	52.30	40.36	62.73

2. Financial assets and financial liabilities measured at amortised cost as at 31.03.2021				
		Fair Value		
Particulars	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and cash Equivalents	1,364.11	1,364.11	-	-
Bank Balances other than Cash and cash Equivalents	375.79	375.79	-	-
Trade Receivables	185.93	-	235.09	-
Loans	1,09,353.73	-	-	1,09,353.73
Investments	2,615.98	2,776.55	38.37	-
Other Financial Assets	1830.43	-	-	1,830.43
Financial Liabilities				
Payables				
(I) Trade Payable	143.88	-	143.88	-
(II) Other Payables	151.48	-	151.48	-
Debt Securities	28,929.69	17,157.22	11,772.47	-
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-
Deposits	17,086.35	-	-	17,086.35
Sub-Ordinated Liabilities	33,529.65	-	33,529.65	-
Other Financial Liabilities	1,672.37	-	1,672.37	-

(₹ lakhs)

3. Financial assets and financial liabilities measured at amortised cost as at 31.03.2020				
		Fair Value		
Particulars	**Carrying Amount**	**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	-	183.18	-
Loans	1,07,046.18	-	-	1,07,046.18
Investments	2,619.44	2,741.96	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	-

(₹ lakhs)

4. Financial assets and financial liabilities measured at amortised cost as at 31.03.2019				
		Fair Value		
Particulars	**Carrying Amount**	**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	-	132.19	-
Loans	92,654.12	-	-	92,654.12
Investments	2,720.36	2,804.85	38.37	-
Other Financial Assets	1,743.13	-	-	1,743.13
Financial Liabilities				
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	-

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 their carrying amount largely due to short term maturities of these instruments. There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

48.DISCLOSURE PURSUANT TO IND AS '101' First time adoption of Ind AS

(₹ lakhs)

Equity Reconciliation			
Sl No	**Particulars**	**As at**	
		31st March 2019	**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)	0
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 **(₹ lakhs)**

Particulars	For the year ended 31.3.2019
Net Profit after tax as per Previous GAAP	**1,196.35**
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 **(₹ lakhs)**

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

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.

Re-measurement 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.

49. 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 April 01, 2018

(₹ lakhs)

PARTICULARS	Previous GAAP	Adjustments	Ind AS
ASSETS			
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
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	-	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 MSMEs	-	-	-
(ii) Total outstanding dues of creditors other than MSMEs	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	-	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	-	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**

(₹ lakhs)

Balance Sheet as at 31st March 2019

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)	-	-	0.00
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 MSMEs	0.33	-	0.33
(ii) Total outstanding dues of creditors other than MSMEs	185.23	-	185.23
(II) Other Payables			
(i) Total outstanding dues of MSMEs			
(ii) Total outstanding dues of creditors other than MSMEs	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)	-	-	-
Provisions	36.91	67.28	104.19
Deferred tax Liability (net)	139.62	236.63	376.25
Other Non-Financial Liabilities	105.29	-	105.29
Equity			
Equity Share Capital	5,000.00	-	5,000.00
Other Equity	11,217.69	(180.22)	11,037.47
Total Liabilities and Equity	**109,766.01**	**295.97**	**110,061.98**

50. 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-21	31-Mar-20	31-Mar-19
(a) Depreciation charge for Right-of-Use Assets	144.30	144.84	135.73
(b) Interest expense on Lease Liabilities	29.18	38.41	39.61
(c) The expense relating to short-term leases	-	-	-
(d) The expense relating to leases of low-value assets	60.39	59.89	66.23
(e) Total cash outflow for leases	215.75	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	1,070.50	1,211.97	1,430.93

(₹ lakhs)

Maturity Analysis	31-Mar-21	31-Mar-20
Less than 1 year	127.27	151.88
1-3 years	159.03	219.74
3-5 years	81.17	120.23
More than 5 years	51.53	82.26
Total future undiscounted cash outflow on lease liability	419	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.

51. Disclosures under RBI Directions

51.1 Schedule to the Balance Sheet of a Non-Banking financial company as required under Master Direction-Non-Banking Financial Company- Systemically important Non-Deposit taking Company and Deposit-taking Company(Reserve Bank) Directions 2016.

(₹ lakhs)

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	Amount Overdue #
1	**Liabilities Side:**		
	Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	29,112.04	182.35
	: Unsecured		
	(Other than falling within the meaning of Public deposit)		
	(b) Deferred Credits		
	(c) Term Loans	5,568.31	
	(d) Inter-Corporate loans and borrowing	2,925.80	
	(e) Commercial paper	-	
	(f) Public Deposits	17,435.40	349.05
	(g) Sub-Ordinated Debts	31,736.72	49.32
	(h) Other Loans - Cash Credit	14,565.05	

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	**Amount outstanding**
2	**Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured Debentures	6,510.56	-
	(b) In the form of Partly secured Debentures	-	-
	i.e. debentures where there is a shortfall in the value of security		
	(c) Other Public Deposits	17,435.40	349.05
	(d) Sub-Ordinated Debts	25,226.16	49.32
	# Represents unclaimed deposits and interest accrued thereon		
3	**Assets side:**		
	Break-up of Loans and Advances including bills receivables		Amount outstanding
	(Other than those included in (4) below):		
	(a) Secured		-
	(b) Unsecured		341.44
4	**Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:**		
	(1) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		
	(b) Operational Lease		
	(2) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		1,12,435.69
	(b) Repossessed Assets		209.33
	(3) Other Loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
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		-

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	Amount outstanding
	(v) Others		-
6	**Long Term Investments :**		
	1. **Quoted**		
	(i) Shares : (a) Equity		52.30
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of Mutual Funds		
	(iv) Government Securities		2577.61
	(v) Others		
	2. **Unquoted :**		
	(i) Shares : (a) Equity		38.37
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual Funds		-
	(iv) Government Securities		-
	(v) Others		

(₹ lakhs)

7	Borrower group-wise classification of assets financed as in 3 and 4 above			
	Category	**31.03.2021 (Amount net of provisions)**		
		Secured	**Unsecured**	**Total**
	1. Related parties			
	(a) Subsidiaries	-	-	**-**
	(b) Companies in the same group	-	-	**-**
	(c) Other related parties	140.14	14.17	**154.31**
	2. Other than related parties	1,08,872.15	327.27	**1,09,199.42**
	Total	1,09,012.29	341.44	**1,09,353.73**

(₹ lakhs)

8	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)		
	Category	**Market value / Break up or fair value or NAV**	**Book value (Net of provisions)**
		31st March 2021	**31st March 2021**
	1.Related parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	87.66	87.62
	(c) Other related parties	-	-
	2. Other than related parties	2,568.00	2580.66
	Total	**2,655.66**	**2,668.28**

9	Other information		
	Particulars		**Amount**
	(i) Gross Non Performing Assets		5,594.01
	(a) Related parties		-
	(b) Other than Related parties		5,594.01
	(ii) Net Non-Performing Assets		-
	(a) Related parties		-
	(b) Other than Related parties		2,522.83
	(iii) Assets acquired in satisfaction of debt		-

(₹ lakhs)

Sl No	**Particulars**	**As at 31.03.2020**	
		Amount outstanding	**Amount Overdue #**
1	**Liabilities Side:**		
	Loans and advances availed by the NBFC		
	inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	31,554.05	100.73
	(b) 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		**Amount outstanding**
	(Other than those included in (4) below):		
	(a) Secured		358.98
	(b) Unsecured		1,315.22

Sl No	Particulars	As at 31.03.2020	
		Amount outstanding	**Amount Overdue #**
4	**Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:**		
	(1) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		-
	(b) Operational Lease		-
	(2) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		1,08,151.45
	(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		-
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		-

(₹ lakhs)

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**

(₹ lakhs)

7	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)		
	Category	**Market value / Break up or fair value or NAV**	**Book value (Net of provisions)**
		31.03.2020	**31.03.2020**
	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**

(₹ lakhs)

8	Other information	31.03.2020
	Particulars	**Amount**
	(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	-

51.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit-Taking Company (Reserve Bank) Directions 2016

(₹ lakhs)

Sl No	Particulars	31st March 2021	31st March 2020	31st March 2019
1	Capital to Risk (Weighted) Assets Ratio			
	CRAR (%)	22.52	21.91	22.35
	CRAR - Tier I Capital (%)	13.05	12.88	13.22
	CRAR - Tier II Capital (%)	9.47	9.03	9.13
	Amount of Sub-Ordinated debt considered as Tier-II capital	16,202.20	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	2,668.34	2,659.86	2,783.15
	Outside India	-	-	-

(₹ lakhs)

Sl No	Particulars	31st March 2021	31st March 2020	31st March 2019
	Provisions for Diminution in value of investments			
	In India	0.06	0.06	0.06
	Outside India	-	-	-
	Net Value of Investments			
	In India	2,668.28	2,659.80	2,783.09
	Outside India	-	-	-
	Movement of provisions held towards diminution in value of investments			
	Opening balance	0.06	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	0.06
3	Derivatives			
	Forward Rate Agreement / Interest Rate Swap	-	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-	-
	The Company has no derivaties transactions	-	-	-
4	Disclosures relating to Securitisation			
	SPV and Minimum Retention Requirements	-	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction	-	-	-
	Company for Asset Reconstruction	-	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-	-
	Details of non-performing financial assets purchased / sold	-	-	-
	Details of non-performing financial assets purchased	-	-	-
	Details of Non-performing Financial Assets sold	-	-	-

5. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.03.2021

(₹ lakhs)

Sl No	Particulars	Up to 30/31 days	Over 1 Month up to 2 Month	Over 2 Months 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
(i)	Deposits	634.28	473.32	279.86	3,902.83	3,816.16	8,328.95	-	-	**17,435.40**
(ii)	Advances	4,243.23	4,321.44	4,273.17	12,406.18	23,540.85	54,996.22	5,098.34	474.30	**1,09,353.73**
(iii)	Investments	-	-	-	-	200.54	1,073.17	613.44	781.13	**2,668.28**
(iv)	Borrowings	1,463.60	2,937.57	976.65	2,759.84	18,062.21	33,921.95	25,628.35	-	**85,750.17**
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	**-**

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.03.2020

(₹ lakhs)

Sl No	Particulars	Up to 30/31 Days	Over 1 Month up to 2 Month	Over 2 Months 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
(i)	Deposits	926.78	561.87	431.84	2,964.92	4,769.13	9,990.50	-	-	**19,645.04**
(ii)	Advances	4,596.17	4,844.33	4,699.55	14,421.83	23,867.52	48,870.07	5,681.93	64.78	**1,07,046.18**
(iii)	Investments	-	-	-	-	-	522.82	2,058.25	78.73	**2,659.80**
(iv)	Borrowings	1,307.32	13,571.99	523.98	1,744.47	19,008.22	14,368.29	31,538.80	178.11	**82,241.18**
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	**-**

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.03.2019

(₹ lakhs)

Sl No	Particulars	Up to 30/31 days	Over 1 Month up to 2 Month	Over 2 Months 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
(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	-	-	-	-	-	-	-	-	**-**

(₹ lakhs)

Sl No	**Particulars**	**31.03.2021**	**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	90.73	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	90.73	78.79	101.16
(iii)	Details of financing of parent company products	Nil	Nil	Nil
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil	Nil
(v)	Unsecured Advances	341.44	1,674.20	1,552.82

(₹ lakhs)

Sl No	Particulars	31.03.2021	31.03.2020	31.03.2019
7	**Miscellaneous**			
(i)	Registration obtained from other financial sector regulators	NA	NA	NA
(ii)	Disclosure of Penalties imposed by RBI and other regulator			
(iii)	Related Party Transactions - Ref. Note No 43			
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year	**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		
(v)	Migration of ratings during the year : NIL			
	Remuneration of Directors Ref. Page No___ of Corporate Governance Report 2021)			
	Management Ref. Management and Discussion and Analysis report on Page No. ___			
	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	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	3.46	2.80	2.80
b	Provision towards NPA	641.18	545.14	556.35
c	Provision for Standard Assets	0	0	0
d	Provision made towards Income Tax	331.65	283.09	283.09
E	Other Provision and Contingencies (with details)	(23.69)	11.21	34.25
(ii)	Draw Down from Reserves			
(iii)	Concentration of Deposits, Advances, Exposures and NPAs			
a	**Concentration of Deposits:-**			
	Total Deposits of twenty largest depositors	553.10	586.56	586.56
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.38%	3.17%	3.17%
b	**Concentration of Advances:-**			
	Total Advances to twenty largest borrowers	1613.13	1,849.78	1,849.78
	Percentage of Advances to twenty largest borrowers to Total Advances	1.43%	1.71%	1.71%
c	**Concentration of Exposures**			

(₹ lakhs)

Sl No	Particulars	31.03.2021	31.03.2020	31.03.2019
	Total Exposure to twenty largest borrowers / customers	1052.09	1,147.62	1,147.62
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.93%	1.06%	1.06%
d	**Concentration of NPAs**			
	Total Exposure to top four NPA accounts	72.28	56.94	56.94
e	**Sector-wise NPAs**	**% NPAs to Total Advances in that sector**		
(i)	Agriculture & allied activities	3.64%	4.50%	0.08%
(ii)	MSME – Engineering	-	-	-
(iii)	Corporate borrowers - Textiles	-	-	-
(iv)	Services – Others	0.92%	3.81%	0.05%
(v)	Unsecured personal loans			
(vi)	Auto loans - Transport	6.40%	4.85%	4.92%
f	**Movement of NPAs**			
(i)	Net NPAs to Net Advances (%)	2.30%	2.31%	3.02%
(ii)	Movement of NPAs (Gross)			
	Opening balance	4,983.03	4,803.09	4,689.02
	Additions during the year	2,508.70	2,295.14	3,398.77
	Reductions during the year	1,897.72	2,115.20	3,284.70
	Closing balance	5,594.01	4,983.03	4,803.09
(iii)	Movement of Net NPAs			
	Opening balance	2,439.42	2,736.88	2,993.25
	Additions during the year	1,682.19	1,384.42	1,975.30
	Reductions during the year	1,598.78	1,681.88	2,231.67
	Closing balance	2,522.83	2,439.42	2,736.88
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	Opening balance	2,543.61	2,066.21	1,695.76
	Provisions made during the year	826.51	910.72	1,423.45
	Write-off / write-back of excess provisions	298.94	433.32	1,053.00
	Closing balance	3,071.18	2,543.61	2,066.21
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil	Nil

Sl No	Particulars	31.03.2021	31.03.2020	31.03.2019
9	**Disclosure of Complaints**			
a	No. of complaints pending at the beginning of the year	-	-	-
b	No. of complaints received during the year	-	1	2
c	No. of complaints redressed during the year	-	1	2
d	No. of complaints pending at the end of the year	-	-	-

51.3 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	20,600	126.01	19.65

ii.	**Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits**		
Sl No	**Descriptions**	**Amount (₹ lakhs)**	**% of total deposits**
1	Total for Top 20 Large Deposits	553.10	3.38%

iii.	**Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings**		
Sl No	**Descriptions**	**Amount (₹ lakhs)**	**% of total Borrowings**
1	Total for Top 10 Borrowings	23,041.00	23.47%

iv. Funding concentration based on significant instrument / products			
Sl No	Name of the Instrument / Products	Amount (₹ lakhs)	% of total Liabilities
1	Sub-Ordinate Debts *	31,736.72	30.27%
2	Fixed Deposits	17,435.40	16.63%
3	Non Convertible Debentures - Public Issue	17,157.21	16.37%
4	Non Convertible Debentures - Private placement	11,954.83	11.40%
5	Preference Shares	1,842.25	1.76%
	Total	**80,126.41**	76.43%
*** Includes Non-convertible Debentures - Public Issue Unsecured**			

v. Stock Ratios:			
a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets			
Sl No	Name of the Instrument / Products	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Public Assets	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a % of Total Public Funds, total Liabilities and Total Assets		
Sl No	Name of the Instrument / Products	Amount (₹ lakhs)
1	Non-Convertible Debentures (on maturities of less than 1 year)	-
2	% to Total Public Funds	-
3	% to Total Liabilities	-
4	% to Total Assets	-

c. Other Short term Liabilities, if any as a % of Total Public Funds, Total Liabilities and Total Assets		
Sl No	Name of the Instrument / Products	Amount (₹ lakhs)
1	Other Short term Liabilities (₹ lakhs)	14,565.05
2	% to Total Public Funds	-
3	% to Total Liabilities	13.89%
4	% to Total Assets	11.74%

vi. Institutional set-up of liquidity risk management

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

Definition of terms as used in the table above:

a) **Significant counter party:**
A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) **Significant instrument/product:**
A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities

c) **Total liabilities:**
Total liabilities include all external liabilities (other than equity).

d) **Public Funds:**
"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/ products.

e) **Other short-term liabilities:**
All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Disclosure on Liquidity Coverage Ratio (LCR)

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio (LCR) effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset (HQLA) to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement shall be binding for the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. "High Quality Liquid Assets (HQLA)" means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from significant counter parties are given in Note 51(3)

Sl No	Particulars	Apr-Jun 2020		Jul - Sep 2020		Oct-Dec 2020		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	-	3,354.71	-	3,133.61	-	3,009.53	-	3,354.38
	Cash Outflows:								
2	Deposits (for deposit taking companies)	905.48	1,041.31	1,537.67	1,768.32	1,607.84	1,849.02	1,153.12	1,326.09
3	Unsecured wholesale funding	176.21	202.64	110.36	126.91	52.49	60.36	46.53	53.51
4	Secured wholesale funding	4,287.00	4,930.05	764.66	879.36	1,023.22	1,176.70	900.10	1,035.12
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,815.91	2,088.30	1,317.63	1,515.27	653.05	751.01	687.14	790.21
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**7,184.60**	**8,262.30**	**3,730.32**	**4,289.86**	**3,336.60**	**3,837.09**	**2,786.89**	**3,204.93**
	Cash Inflows:								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,067.17	3,800.38	5,299.68	3,974.76	4,814.06	3,610.54	5,053.21	3,789.91
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**5,067.17**	**3,800.38**	**5,299.68**	**3,974.76**	**4,814.06**	**3,610.54**	**5,053.21**	**3,789.91**
13	**TOTAL HQLA**		**3,354.71**		**3,133.61**		**3,009.53**	-	**3,354.38**
14	**TOTAL NET CASH OUTFLOWS**		**4,461.93**		**1,072.47**		**959.27**		**801.23**
15	**LIQUIDITY COVERAGE RATIO (%)**		**75.19%**		**292.19%**		**313.73%**		**418.65%**
	Components of HQLA								

Sl No	Particulars	Apr-Jun 2020		Jul - Sep 2020		Oct-Dec 2020		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
	- Cash on Hand		54.72		378.03		327.15		416.81
	- Balances with Banks		1,245.59		701.18		627.98		883.17
	- Government Securities		2,054.40		2,054.40		2,054.40		2,054.40
	- Commercial Paper		-		-		-		-
	TOTAL		**3,354.71**		**3,133.61**		**3,009.53**		**3,354.38**

51.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the a) Resolution Framework for COVID-19-related Stress, disclosure as follows:

Type of Borrowers	Number of accounts where resolution plan has been implemented under this window	Exposure to such accounts before implementation of the plan (Amount in ₹ lakhs)	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any including between invocation of the plan and implementation	Increase in provision on account of implementation of resolution plan (Amount in ₹ lakhs)
Personal Loans	135	832.30	-	-	83.23
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**135**	**832.30**	**-**	**-**	**83.23**

51.5 Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 – COVID-19 Regulatory Package - Asset Classification and Provisioning

(₹ lakhs)

The details of loans, outstanding as on 31st March 2021 where moratorium benefit was extended:		
(i)	Amount due in respect of overdue accounts, where moratorium was extended (as of February 29, 2020	47,315.25
(ii)	Amount due on contracts where asset classification benefits was extended as on 31st March 2021, net of NPA	Nil
(iii)	Provisions held against (ii) above	Nil
(iv)	Provisions adjusted against NPA provisions*	Nil

As the company maintains adequate ECL provisions, the Covid-19 Reserve created as on 31st March 2020 to the extent of ₹ 23.92 lakhs, has been reversed and transferred to Retained earnings.

51.6 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	4,109
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 31st 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 30th 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.

51.7 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR(NBFC).CC.PD.No .109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRAC P) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021 (₹ lakh)

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	Provisons required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	97,136.73	130.73	**97,006.00**	388.55	**(257.82)**
	Stage 2	10,255.72	296.92	**9,958.80**	41.02	**255.90**
Sub-Total		**10,7392.45**	**427.65**	**1,06,964.80**	**429.57**	**(1.92)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,384.58	556.70	**1,827.88**	335.43	**221.27**
Doubtful - up to 1 year	Stage 3	757.47	469.67	**287.80**	385.76	**83.91**
1 to 3 years	Stage 3	85.62	19.06	**66.56**	22.17	**(3.11)**
More than 3 years	Stage 3	53.69	6.75	**46.94**	15.17	**(8.42)**

Sub-Total for doubtful		**896.78**	**495.48**	**401.30**	**423.10**	**72.38**
Loss	Stage 3	2,312.65	2,152.90	**159.75**	2312.65	**(159.75)**
Sub-Total for NPA		**5,594.01**	**3,205.08**	**2,388.93**	**3071.18**	**133.90**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classificaion and Provisioning (IRACP) norms		-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	**Stage 1**	97,136.73	130.73	**97,006.00**	388.55	**(257.82)**
	Stage 2	10,255.72	296.92	**9,958.80**	41.02	**255.90**
	Stage 3	5,594.01	3,205.08	**2,388.93**	3,071.18	**133.90**
	Total	**1,12,986.46**	**3,632.73**	**1,09,353.73**	**3,500.75**	**131.98**

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRAC P) 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		0.00	0.00	0.00	0.00	0.00

Recognition, Asset Classificaion and Provisioning (IRACP) norms						
Sub-Total		**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Total	Stage 1	88735.09	97.12	88637.97	354.94	(257.82)
	Stage 2	16319.59	322.73	15996.86	87.28	235.45
	Stage 3	4983.03	2571.68	2411.35	2543.62	28.06
	Total	**110037.71**	**2991.53**	**107046.18**	**2985.84**	**5.69**

51.8: Disclosure as per RBI Notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 - Scheme for grant of ex- gratia Payment

The Government of India, Ministry of Finance, vide its notification dated 23rd October 2020 had announced COVID-19 Relief Scheme, for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The ex-gratia amount of ₹ **237.75 lakhs** had been credited to eligible borrowers. We lodged claim with State Bank of India on 15th December 2020 and received the claim on 31st March 2021.

52. Disclosures as per RBI notification no. DOR.STR.REC.4/21.04.048/2021-22 - Interest on interest during the moratorium period:

In accordance with the RBI's instruction in their circular dated, April 7, 2021 all lending institutions shall refund/adjust the interest on interest charged to all the borrowers, during the moratorium period. In pursuant of the above instruction, the Indian Banks Association (IBA) through advisory dated 19th April 2021, prescribed the methodology of calculation of interest on interest. Accordingly, the company has estimated the amount and reversed the income account during the financial year 2020-21.

53. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate and make the disclosures from subsequent year.

53.1 Statement changes in other equity

A. Equity Share Capital

1) Current reporting period (01-04-2021 TO 30-09-2021)

(₹ lakhs)

Particulars	**30-09-2021**	**31-03-2021**
	(Limited Review)	**(Audited)**
Balance at the beginning of the current reporting period	6,470.59	6,470.59
Add/Less: Changes in Equity Share Capital due to prior period errors	-	-
Reformatted Balance at the beginning of the current reporting period	6,470.59	6,470.59
Add/Less: Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	6,470.59	6,470.59

(₹ lakhs)

B. Other Equity

(1) Current reporting period (01-04-2021 TO 30-09-2021)

Particulars	**Share application money pending allotment**	**Equity component of compound financial instruments**	**Reserves & Surplus**					**Items of Other Comprehensive Income**						**Money receive d against share warrants**	**Total**
			Capital Reserve	**Securities Premium**	**General Reserve**	**Other Reserves (as per Section 45-IC of RBI Act, 1934)**	**Retained Earnings**	**Debt instruments through Other Comprehensive Income**	**Equity Instruments through Other Comprehensive Income**	**Effective portion of Cash Flow Hedges**	**Revaluation Surplus**	**Exchange differences on translating the financial statements of a foreign operation**	**Acturial changes in Defined Benefit Obligations**		
Balance at the beginning of the current reporting period 1st April 2021	-	-	**52.61**	1,429.80	4,436.00	3,352.67	3,478.91	-	(36.98)	-	-	-	13.94	-	**12,726.94**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
reformatted balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year							525.19		32.01				(2.92)		**554.28**
Dividends							-								-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30th September 2021	**-**	**-**	**52.61**	**1,429.80**	**4,436.00**	**3,352.67**	**4,004.10**	**-**	**(4.97)**	**-**	**-**	**-**	**11.01**	**-**	**13,281.22**

(₹ lakhs)

(2) Previous reporting period (01-04-2020 TO 31-03-2021)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-IC of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Acturial changes in Defined Benefit Obligations)		
Balance at the beginning of the current reporting period 1st April 2020	-	-	**52.61**	1,430.92	4,436.00	3,167.51	3,126.52	-	(48.92)	-	-	-	12.30	-	**12,176.94**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reformatted balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year							925.79		11.94				1.63		**939.36**
Dividends							(388.24)								**(388.24)**
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	185.16	(185.16)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	(1.12)	-	-	-	-	-	-	-	-	-	-	**(1.12)**
Balance as at 31st March 202021	-	-	**52.61**	**1,429.80**	**4,436.00**	**3,352.67**	**3,478.91**	**-**	**(36.98)**	**-**	**-**	**-**	**13.93**	**-**	**12,726.94**

53.2 Shareholding of Promoters

Shareholding of Promoters

Shares held by promoters at 30-09-2021			% change during the Year
Promoter Name	**No of Shares**	**% of Total Shares**	
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-
Sri M Srinivaasan, Director	2,51,355	0.39%	-
Dr A Selvakumar Independent Director	300	0.00%	-
Sri S Venkatesh, Company Secretary	1,075	0.00%	-
Shares held by promoters at at 31-03-2021			% change during the Year
Promoter Name	**No of Shares**	**% of Total Shares**	
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-
Sri M Srinivaasan, Director	2,51,355	0.39%	-
Dr A Selvakumar Independent Director	300	0.00%	-
Sri S Venkatesh, Company Secretary	1,075	0.00%	-

53.3 Trade Receivable Ageing Schedule

Trade Receivables Ageing Schedule as at 30-09-2021

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					(₹ lakhs)
	Less than 6 months	**6 months -1 year**	**1-2years**	**2-3years**	**More than 3 ears**	**Total**
Undisputed Trade receivables – considered good	88.05	31.96	0	0	0	120.01
Undisputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
Undisputed Trade Receivables – credit impaired	0.00	0.00	147.36	0.00	0.00	147.36
Disputed Trade Receivables– considered good	0	0	0	0	0	0
Disputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
Disputed Trade Receivables – credit impaired	0	0	0	0	0	0
Unbilled Revenue	0	0	0	0	0	0

Trade Receivables Ageing Schedule as at 31-03-2021

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					(₹ lakhs)
	Less than 6 months	6 months -1 year	1-2years	2-3 years	More than 3 ears	Total
Undisputed Trade receivables – considered good	40.32	70.82	0.00	0.00	0.00	111.14
Undisputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
Undisputed Trade Receivables – credit impaired	0.00	0.00	120.43	0.00	0.00	120.43
Disputed Trade Receivables– considered good	0.00	0.00	0.00	0.00	0.00	0.00
Disputed Trade Receivables – which have significant increase in credit risk	0.00	0.00	0.00	0.00	0.00	0.00
Disputed Trade Receivables – credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
Unbilled Revenue	0.00	0.00	0.00	0.00	0.00	0.00

53.4 Trade Payable Ageing Schedule

Trade Payables Ageing Schedule as at 30-09-2021

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					(₹ lakhs)
	Less than 6 months	6 months - 1 year	1-2 years	2 - 3 years	More than 3 years	Total
MSME	1.35	-	-	-	-	1.35
Others	278.47	-	-	-	-	278.47
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled Revenue	-	-	-	-	-	-

Trade Payables Ageing Schedule as at 31-03-2021

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					(₹ lakhs)
	Less than 6 months	6 months -1 year	1-2years	2-3years	More than 3 years	Total
MSME	3.26	-	-	-	-	3.26
Others	292.10	-	-	-	-	292.10
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled Revenue	-	-	-	-	-	-

53.5 Additional Regulatory Disclosures (for the period from 01-04-2021 to 30-09-2021 and for the Year ended 31-03-2021)

1. There are no Title deeds of Immovable Properties that were not held in name of the Company.
2. The Company measures investment property using cost based measurement
3. There were no loans and advances in the nature of loans, which are granted to promoters, directors, KMP and other related parties (as defined under the Companies Act 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.
4. There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act 1988 and rules made thereunder.
5. In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of account.
6. The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender.
7. The company did not have any transactions with the companies struck off under section 248 of Companies Act 2013 or section 560 of Companies Act 1956.
8. The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.
9. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
10. The Company has not received any fund from any person(s) or entity (ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

53.6 Capital working process

(a) Capital work in Progress (CWIP) ageing Schedule as at 30.09.2021 and 31.03.2021

CWIP	**Amount in CWIP for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

<u>As at 31-03-2021</u>

CWIP	**Amount in CWIP for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

(b) Intangible Assets under Development againg Schedules as at 30.09.2021 and 31.03.2021

<u>As at 30-09-2021</u>

Intangible Assets under Development	**Amount in Intangible Asset under Development for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	-	95.55	-	-	95.55
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

<u>As at 31-03-2021</u>

Intangible Assets under Development	**Amount in Intangible Asset under Development for a period of**				**Total**
	Less than 1 year	**1-2 years**	**2-3 ears**	**More than 3 years**	
Projects in progress	-	86.27	-	-	86.27
Projects temporarily suspended	-	-	-	-	-

53.7 Capital adequacy Ratios

As at	30-09-2021	31-03-2021
	(Limited Review)	(Audited)
Capital to risk-weighted assets ratio (CRAR)		
Tier I CRAR	13.59%	13.05%
Tier II CRAR	9.54%	9.47%
Liquidity Coverage Ratio	1567.56%	418.65%

53.8 Disclosures in respect of Statement of Profit and Loss undisclosed Income

Undisclosed Income

Period/Year ended	**30-09-2021**	**31-03-2021**
	(Limited Review)	**(Audited)**
Details of any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme. Also, state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.	Nil	Nil

53.9 Corporate Social Responsibility (CSR)

Period/Year ended	**30-09-2021**	**31-03-2021**
	(Limited Review)	**(Audited)**
Amount required to be spent by the company during the year	#	37.54
Amount of expenditure incurred	#	37.58
Shortfall at the end of the year	#	
Total of previous years shortfall	#	26.34
Reason for shortfall	#	Refer Note below *
Nature of CSR activities	#	
1. Education	#	2.05
2. Health Care	#	16.11
3. Others	#	19.41
Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	#	Nil
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	#	Nil
# - Not Applicable since reporting is for an interim period		
* Note: The Company has so far spent ₹ 12.19 Lakhs for the FY2019-20 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.		

53.10 Details of Crypto Currency or Virtual Currency

Period/Year ended or As at	30-09-2021	31-03-2021
	(Limited Review)	(Audited)
Profit or Loss on transactions involving Crypto currency or Virtual Currency	Nil	Nil
Amount of currency held as at the reporting date	Nil	Nil
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	Nil	Nil

54. There have been no events after the reporting date that require disclosure in these financial statements.

55. During the financial year 2020-21, no fraud was detected.

56. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

ANNEXURE VIII

Summary Statement of Net Worth

(₹ lakhs)

Particulars	**As at 30.09.2021**	**For the year ended March, 31**		
		31.03.2021	**31.03.2020**	**31.03.2019**
SHAREHOLDERS FUNDS				
Share Capital	6,470.59	6,470.59	6,470.59	5,000.00
Optionally Convertible warrants	-	-	-	-
Reserves and surplus less Revaluation Reserve	10,697.53	10,121.57	9,528.34	8,345.63
Miscellaneous expenditure (to the extent not written off or adjusted)	(901.56)	(650.23)	(451.80)	(426.67)
Net Worth as at the end of the year	**16,266.56**	**15,941.93**	**15,547.13**	**12,918.96**

Net-worth = Share capital + reserves and surplus (excluding revaluation reserve and capital reserve) - miscellaneous expenditure (to the extent not written off or adjusted)

*** Preference Share Capital has been classified as a debt instrument as per Ind AS. Accordingly, it is excluded from Share Capital.**

ANNEXURE IX

STATEMENT OF SECURED LOANS AND UNSECURED LOANS

A. SECURED LOANS

(₹ lakhs)

Particulars	As at	For the year ended 31st March			Repayment	Security Offered
	30.09.2021	31.03.2021	31.03.2020	31.03.2019		
1(A). Banks- Cash Credit					Repayment on Demand	Refer note 1 below
State Bank of India	3,477.90	5,513.31	4,843.56	4,937.68		
Indian Overseas Bank	368.65	1,430.90	1,973.02	1,836.03		
Bank of India	0.00	531.55	812.84	1,426.83		
Central Bank of India	1,781.49	2,789.83	2,726.63	2,775.98		
Karnataka Bank Ltd	1,076.31	1,106.41	840.24	992.15		
Canara Bank	294.66	320.91	303.88	277.96		
The Lakshmi Vilas Bank Ltd	2,292.68	2,863.82	2,932.21	2,781.77		
Interest Accured and due on bank cash credit	16.80	33.18	125.96	40.40		
Less: Unamortized Charges	(22.34)	(24.86)	(18.33)	(34.45)		
Sub Total (A)	**9,286.15**	**14,565.05**	**14,540.01**	**15,034.35**		
1(B). Banks- Term Loan						
State Bank of India	4,107.81	4,828.00	-	-	Refer note 2 below	Refer note 2 below
The Lakshmi Vilas Bank Ltd	-	-	-	507.14		
AU Small Bank	-	-	608.11	1,418.92		
Indusind Bank Ltd	631.23	786.81	974.82	-		
HDFC Bank Ltd	2.43	6.09	13.39	20.69		
Interest Accured and but not due on bank Term Loans	42.73	6.98	11.53	12.71		
Less:Unamortized Charges	(55.44)	(59.57)	(6.86)	(10.97)		
Sub Total (B)	**4,728.76**	**5,568.31**	**1,600.99**	**1,948.49**		
Total (A+B)	**14,014.91**	**20,133.36**	**16,141.00**	**16,982.84**		

2. Financial Institutions / other Lenders

(₹ lakhs)

Particulars	As at	For the year ended 31st March			Repayment	Security Offered
	30.09.2021	31.03.2021	31.03.2020	31.03.2019		
Sundaram Finance Ltd	0.00	0.00	188.51	537.76	Refer note 3 below	Refer note 3 below
Northern Arc Capital Ltd (formerly IFMR Capital Finance PVT Ltd)	0.00	801.33	1,500.00	6.44	Refer note 3 below	Refer note 3 below
Hinduja Leyland Finance	0.00	48.40	594.07	2,053.06	Refer note 3 below	Refer note 3 below
Shriram Transport Finance Company Ltd	1,665.44	2,067.89	2,773.86	1,000.00	Refer note 3 below	Refer note 3 below
Profectus Capital Pvt Ltd	0	0	17.67	200.00	Refer note 3 below	Refer note 3 below
Interest accrued and due on Financial Institutions / Others	14.83	27.78	36.25	20.01		
Less: Unamortized Charges	(7.08)	(19.60)	(33.17)	(6.91)		
Total (2)	**1,673.19**	**2,925.80**	**5,077.19**	**3,810.36**		

3. Debentures

(₹ lakhs)

Particulars	As at	For the year ended 31st March			Repayment	Security Offered
	30.09.2021	31.03.2021	31.03.2020	31.03.2019		
Non Convertible Debentures (Private Placement) (Principal)	11,660.10	11,410.17	10,308.97	8,701.11	Refer note 4 below	Refer note 4 below
Non Convertible Debentures (Public Issue) (Principal)	29,180.60	16,077.81	18,435.25	13,054.99		
Interest accrued but not due on Debentures (Private Placement)	1,338.43	596.76	373.13	344.09		
Interest accrued but not due on Debentures (Public Issue)	487.59	1,079.40	2,491.52	1,878.84		
Less: Unamortized charges Non Convertible Debentures - Private Placement	(59.98)	(52.10)	(54.82)	(54.81)		
Less: Unamortized charges Non Convertible Debentures - Public Issue	(440.63)	-	-	-		
Total (3)	**42,166.11**	**29,112.04**	**31,554.05**	**23,924.22**		
Total (1+2+3)	**57,854.21**	**52,171.20**	**52,772.24**	**44,717.42**		

1. The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

2. Term Loans from Banks are Secured as under;

(i) State Bank of India

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	5,000.00	11.00	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director
2	600.00	7.25	30.11.2020	30.04.2022		

(ii) DBS Bank Ltd (erstwhile The Lakshmi Vilas Bank Ltd)

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement 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

(iii) AU Small Finance Bank Ltd

Sl No.	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	2,500.00	10.65	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director

(iv) IndusInd Bank Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	650	12	04.03.2020	04.06.2023	3 Months	Hypothecation of specified Hire Purchase receivables

(v) HDFC Bank Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	19.00	9.50	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta GX Car

3. Term Loans from Financial Institutions / other Lenders

(i) Sundaram Finance Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	1,000.00	10.25	10.10.2017	10.02.2021	5 Months	Exclusive charge on 17 Wind Mills situated at Tirunelveli/TirupurDist in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director

(ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	730.00	13.50	19.09.2016	19.02.2019	6 Months	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director
2	330.00	12.90	24.10.2016	25.03.2019	6 Months	
3	170.00	12.90	22.11.2016	22.04.2019	6 Months	
4	1,500.00	14.00	06.04.2020	07.03.2022	-	

(iii) Hinduja Leyland Finance Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	2,600.00	10.71	07.05.2017	07.04.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director
2	1,500.00	10.25	07.03.2018	07.04.2021	2 Months	

(iv) Shriram Transport Finance Company Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	1,000.00 *	12.50	27.03.2019	26.03.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director
2	2,000.00	13.00	05.09.2019	05.08.2023	-	
3	1,000.00	13.00	05.05.2020	05.04.2023	-	

* Floating balance working capital loan

(v) Profectus Captial (P) Ltd

Sl No	Amount of Term Loan Sanctioned (₹ lakhs)	Rate of Interest (%)	Repayment		Moratorium	Security details
			Commencement date	End date		
1	200.00	13.00	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables

3. As at 30th September 2021, 62,29,730 (face value of Rupee 1 each) and 11,59,780 (face value of ₹ 1,000 each) Secured Redeemable Non - Convertible Debentures issued on Private Placement basis aggregating to ₹ 11,660.10 lakhs and redeemable at par, are secured by specified Hire Purchase receivables. The rate of interest varies from 9% to 10%; the date of redemption is reckoned at 12 to 36 months from the date of first allotment in relation to each of the series allotted up to 31st July 2010 and 15 to 36 months in relation to each of the series allotted from 1st August 2010 onwards.

As at 30th September 2021, 19,85,365 Secured and Unsecured Redeemable Non-Convertible Debentures (**"NCDs"**) of ₹ 1,000 each aggregating to ₹ 19,853.65 lakhs, are secured by specified Hire purchase receivables. The rate of interest varies from 9.50% to 13.64%. The date of redemption is reckoned at 24 to 61 months from the date of allotment i.e. 29th July 2021.

As at 30th September 2021, 10,28,631 Secured and Unsecured Redeemable Non-Convertible Debentures (**"NCDs"**) of ₹ 1,000 each aggregating to ₹ 10,286.31 lakhs, are secured by specified Hire purchase receivables and an identified immovable property situated at Madurai. The rate of interest varies from 9.50% to 13.30%. The date of redemption is reckoned at 24 to 62 months from the date of allotment i.e. 8th August 2020.

As at 30th September 2021 9,77,861 Secured and Unsecured Redeemable Non-Convertible Debentures (**"NCDs"**) of ₹ 1,000 each aggregating to ₹ 9,778.61 lakhs as on 30th September 2021, are secured by specified Hire purchase receivables and an identified immovable property situated at Coimbatore . The rate of interest varies from 9.50% to 10.25%. The date of redemption is reckoned at 24 to 61 months from the date of allotment i.e 15th May 2019.
The Secured Redeemable Non-convertible Debentures outstanding for the Debentures placed on private placement basis are secured Specified Hire purchase Receivables and certain immovable properties for the year ended 31st March 2021, 2020 and 2019

The Secured Redeemable Non-convertible Debentures outstanding for the Debentures of Public Issue III are secured by Identified Immovable property situated at Coimbatore and Specified Hire purchase Receivables for the year ended 30th September 2021, March 31 2021, 2020 and 2019.

The Secured Redeemable Non-convertible Debentures outstanding for the Debentures of Public Issue IV are secured by Identified Immovable property situated at Anna nagar Madurai and Specified Hire purchase Receivables for the year ended 30th September 2021, March 31 2021 and 2020.

The Secured Redeemable Non-convertible Debentures outstanding for the Debentures of Public Issue V are secured by Specified Hire purchase Receivables for the year ended 30th September 2021.

B. UNSECURED LOANS

(₹ lakhs)

Particulars	As at	For the year ended 31st March			As at
	30.09.2021	31.03.2021	31.03.2020	31.03.2019	01.04.2018
Fixed Deposits from Public	11,514.96	16,046.46	17,967.73	17,272.38	16,022.43
Interest accrued but not due on Deposits	930.24	1,117.20	1,171.20	1,162.57	1,091.06
Unclaimed matured deposits and interest accrued thereon	579.11	349.05	598.66	362.71	318.93
Less: Deposits unamortized Charges	(43.18)	(77.31)	(92.55)	(86.88)	(83.98)
Non-Convertible Debenture - Public Issue Unsecured	10,737.97	5,978.50	4,374.80	0.00	0.00
Interest accrued but not due on Non-Convertible Debentures Public Issue Unsecured	755.74	532.06	202.55	0.00	0.00
Less: Public Issue unamortized Charges	(135.04)	0.00	0.00	0.00	0.00
Subordinated debt	23,380.60	23,380.60	22,315.60	21,287.99	16,578.27
Interest accrued but not due on Subordinated Debts	2,528.99	1,944.87	876.67	3,005.97	4,212.80
Unclaimed matured Subordinated Debts and interest accrued thereon	47.01	49.32	252.79	562.38	0.00
Less: Sub-ordinated Debts unamortized Charges	(125.65)	(148.63)	(183.60)	(124.11)	(36.07)
Senior Unsecured NCD	0.00	0.00	0.00	2,500.00	2,500.00
Interest accrued but not due on Senior unsecured NCD	0.00	0.00	0.00	0.92	0.93
Total	**50,170.75**	**49,172.12**	**47,483.85**	**45,943.93**	**40,604.37**

1. Rate of Interest for fixed deposits as at 30.09.2021 varies from 8.00% to 9.00% per annum. The tenor of fixed deposit ranges from 15 months to 36 months.

2. Rate of Interest for Subordinated debt is at 10.00% per annum. The tenor of subordinated debt is 61 months.

ANNEXURE X

Sakthi Finance Limited, Coimbatore

Capitalization Statement as at 30th September 2021

(₹ lakhs)

Particulars	**Pre-Issue as at 30th September 2021**	**Post Issue**
Debt		
Short Term Debt	30,427.16	30,427.16
Long Term Debt	80,047.81	90,047.81
Total Debt (A)	**1,10,474.97**	**1,20,474.97**
Shareholder's Fund		
Share Capital	6,470.59	6,470.59
Reserves & Surplus less Revaluation Reserve	10,750.14	10,750.14
Less: Miscellaneous expenditure (to the extent not written off or adjusted)	-901.54	-901.54
Total of Shareholders' Fund (B)	**16,319.19**	**16,319.19**
Long Term Debt/Equity Ratio (Number of times)	**4.91**	**5.52**
Debt Equity Ratio (Number of Times) (A/B)	**6.77**	**7.38**

Notes:

1. Short Term Debts includes
    a) Interest accrued on Debentures, Deposits, Subordinated Debts and Cash Credit
    b) Loan term Debts maturing within 12 months
    c) Unclaimed deposits and debentures

2. The Long-term Debt maturing more than 12 months includes Interest accrued on Debentures, Deposits, Subordinated Debts
3. The debt-equity ratios post the issue is indicative and is on account of assumed inflow of ₹ 10,000 lakh from the issue
4. The figures disclosed above are based on the Reformatted Summary Statement of Assets and Liabilities of the Company as at 30th September 2021

ANNEXURE XI (A)

SUMMARY STATEMENT OF ACCOUNTING RATIOS

Earnings per share calculations are done in accordance with IND AS - 33."Earnings per Share", for the year ended 31.03.2020 and 31.03.2019.

(₹ lakhs)

Particulars		As at	For the year ended 31st March		
		30.09.2021	**2021**	**2020**	**2019**
Net Profit after tax as per Statement of Profit & Loss		554.28	939.37	1,112.40	926.41
Less: Preference Dividend		0.00	0.00	0.00	0.00
Net Profit after tax for EPS Computation	a	554.28	939.37	1,112.40	926.41
Weighted average number of equity shares outstanding during the year (for Basic EPS)	b	6,47,05,882	6,47,05,882	5,07,63,420	5,00,00,000
(i) Equity Shares arising on conversion of optionally convertible warrants	c	-	-	-	-
(ii) Equity shares for no consideration arising on grant of stock options under ESOP	d	-	-	-	-
(iii) Effect of Notional allotment of Share application money	e	-	-	-	-
Weighted average number of equity shares outstanding during the year (for Diluted EPS) (b+c+d+e) lakhs	f	6,47,05,882	6,47,05,882	5,07,63,420	5,00,00,000
Earnings per share (Basic) (₹) (Face value of ₹ 10 per share)	(a/b)	0.86	1.45	2.19	1.85
Earnings per Share (Diluted) (₹) (Face Value of ₹ 10 per share)	(a/f)	0.86	1.45	2.19	1.85

ANNEXURE XI (B)

Statement of Accounting Ratios

B. Return on Net worth (RONW)

(₹ lakhs)

Particulars	**As at**	**For the year ended 31st March**		
	30.09.2021	**2021**	**2020**	**2019**
SHAREHOLDERS FUNDS				
Share Capital	6,470.59	6,470.59	6,470.59	5,000.00
Optionally Convertible warrants	-	-	-	-
Reserves and surplus less Revalution Reserve	10,697.53	10,121.57	9,528.34	8,345.63
Miscellaneous expenditure(to the extent not written off or adjusted)	(901.56)	(650.23)	(451.80)	(426.67)
Net Worth as at the end of the year	**16,266.56**	**15,941.93**	**15,547.13**	**12,918.96**
Net profit after tax	**554.28**	**939.37**	**1,112.40**	**926.41**
Return on Net Worth (%)	**6.81%**	**5.89%**	**7.16%**	**7.17%**

Note: Return on Net worth for the Nine months ended 30.09.2021 has been computed on annualized basis.

* Preference Share Capital has been classified as a debt instrument as per Ind AS. Accordingly, it is excluded from Share Capital.

ANNEXURE XI (C)

C Net Asset Value (NAV) Per Equity Share

(₹ lakhs)

Particulars	As at 30.09.2021	For the year ended 31st March		
		2021	2020	2019
SHAREHOLDERS FUNDS				
Share Capital	6,470.59	6,470.59	6,470.59	5,000.00
Less: Preference Share Capital	-	-	-	-
Share Capital (Excluding Preference Share Capital)	6,470.59	6,470.59	6,470.59	5,000.00
Optionally Convertible warrants				
Reserves and surplus less Revaluation reserve	10,697.53	10,121.57	9,528.34	8,345.63
Less Miscellaneous Expenditure (not written off)	(901.56)	(650.23)	(451.80)	(426.67)
Net Asset Value	**16,266.56**	**15,941.93**	**15,547.13**	**12,918.96**
Number of Equity Shares outstanding at the end of the year	**6,47,05,882**	**6,47,05,882**	**6,47,05,882**	**5,00,00,000**
Net Asset Value per Equity Share (B)	**25.14**	**24.64**	**24.03**	**25.84**

FORMULAE

Net profit as appearing in the summary statement of profit and losses has been considered for the purpose of computing the above ratios.

Earnings Per Share (B)

"**Net Profit after Tax - reformatted**
Weighted Average No. of Equity Shares outstanding during the Year/period"

Earnings Per Share (B) (Diluted)

"Net Profit after Tax - reformatted
Weighted Average No. of Equity Shares outstanding during the Year/period including the dilutive potential equity shares"

Net Asset Value per Share

"Net Worth at the end of the Fiscal Year/period less preference Capital
No. of Equity Shares at the end of the Fiscal Year/period"
Net Worth = Equity Share Capital(+) Reserves and Surplus excluding Revaluation Reserve and Capital Reserve (-) Miscellaneous Expenditure(to the extent not written off or adjusted)

Return on Net worth is arrived at by dividing Profit after tax by net-worth at the end of the fiscal year.

ANNEXURE XII

SUMMARY STATEMENT OF TAX SHELTER

(₹ lakhs)

Particulars	For the period ended 30th September 2021	For the year ended March 31,		
		2021	2020	2019
Profit as per accounting books	**703.57**	**1,257.45**	**1,401.03**	**1,674.72**
Permanent Difference				
Donation	-	10.00	1.10	1.12
Exemptions/deductions				(58.26)
Debenture Issue Expense	(197.15)	(385.03)	(345.58)	(98.65)
Provision for Standard Assets				12.00
(Profit)/Loss on sale of assets/investments	0.12	0.22	1.50	(1.47)
Others	79.45	174.65	148.54	(67.57)
Sub Total (A)	**(117.58)**	**(200.16)**	**(194.44)**	**(212.82)**
Temporary Difference				
Disallowance u/s. 43B and 40A	30.27	0.44	(16.20)	(36.13)
Depreciation	82.21	155.43	186.69	199.40
Lease adjustments	10.93	22.00	36.49	-
Provision for NPA/ Expected Credit Loss	450.93	519.41	460.72	351.95
Others	169.69	109.03	(57.35)	26.54
Sub Total (B)	**744.03**	**806.31**	**610.35**	**541.76**
Net Adjustments (A + B)	**626.45**	**606.14**	**415.91**	**328.94**
Taxable Income	**1,330.02**	**1,863.59**	**1,816.94**	**2,003.66**
MAT Credit Entitlement / (Adjustment)				
Regular Tax Rate (%)	25.17%	25.17%	25.17%	29.12%
Mat Tax Rate (%)	NA	NA	NA	21.34%
Tax on Accounting Profit	**-**	**-**	**-**	**487.68**
Tax Impact on Net Adjustments, MAT adjustment etc	-	-	-	95.79
Tax under section 115 BAA	334.74	469.03	457.29	
Interest u/s 234B & 234C	-	6.48	1.39	-
Total Taxation	**334.74**	**475.51**	**458.68**	**583.47**
Current Tax Provision for the year	334.74	508.42	449.61	583.30

Notes:

1. Profits after tax are often affected by the tax shelters which are available
2. Some of these are of a relatively permanent nature while others may be limited in point of time
3. Tax provisions are also affected by timing difference which can be reversed in future
4. The above statement has been furnished for completed Financial years for the year ended 31st March 2021, 2020, 2019 comprising of 12 months.
5. The aforesaid Statement of Tax Shelters is based on the Profit/ (Losses) as per the "Reformatted Summary Statement of Profit and Losses" for the financial year ended 2021, 2020 and 2019.The tax computed for the year ended 31.03.2019 is based on profit arrived as per previous GAAP.

ANNEXURE XIII

SUMMARY STATEMENT OF DIVIDEND PROPOSED AND PAID

Particulars	For the year ended March 31,			
	2021	2020	2019	2018
(A) Equity Shares				
Rate of Dividend (%)	6	6	10	10
Number of Equity shares on which dividend paid	6,47,05,882	5,00,00,000	-	-
Face value of the share (₹)	10	10	10	10
Amount of Final Dividend (₹)	3,88,23,529	38,823,529	5,00,00,000	5,00,00,000
Dividend Distribution Tax (₹)	-	-	1,02,77,613	1,02,77,613
Dividend per share (₹)	0.60	0.60	1.00	1.00

Statement of Dividend in respect of Preference Shares

Particulars	For the year ended March 31,			
	2021	2020	2019	2018
(B) Preference Shares				
Rate of Dividend (%)	9 and 8.25	9	10	10
Number of Preference shares on which dividend paid	18,34,000	15,00,000	15,00,000	11,37,450
Face value of the share (₹)	100	100	100	100
Amount of Interim/Final Dividend (₹)	1,40,27,924	1,35,00,000	1,37,70,730	1,10,61,994
Dividend Distribution Tax (₹)	-	-	28,30,605	22,51,954
Dividend per share (₹)	9 and 8.25	9.00	10.00	10.00

Note:

The amount paid as dividends in the past are not necessarily indicate of the Company's dividend policy in the future.

B: DAY COUNT CONVENTION

Option I

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●] (monthly)
Day count convention	[●]
	Actual/actual

**Based on current Issue Closing date and post Issue timelines. Subject to further change.*

Cash flow	**Due Date**	**Date of a payment**	**No. of days in Coupon**	**Amount (in ₹)**
1st coupon	[●]	[●]	[●]	[●]
2nd coupon	[●]	[●]	[●]	[●]
3rd coupon	[●]	[●]	[●]	[●]
4th coupon	[●]	[●]	[●]	[●]
5th coupon	[●]	[●]	[●]	[●]
6th coupon	[●]	[●]	[●]	[●]
7th coupon	[●]	[●]	[●]	[●]
8th coupon	[●]	[●]	[●]	[●]
9th coupon	[●]	[●]	[●]	[●]
10th coupon	[●]	[●]	[●]	[●]
11th coupon	[●]	[●]	[●]	[●]
12th coupon	[●]	[●]	[●]	[●]
13th coupon	[●]	[●]	[●]	[●]
14th coupon	[●]	[●]	[●]	[●]
15th coupon	[●]	[●]	[●]	[●]
16th coupon	[●]	[●]	[●]	[●]
17th coupon	[●]	[●]	[●]	[●]
18th coupon	[●]	[●]	[●]	[●]
19th coupon	[●]	[●]	[●]	[●]
20th coupon	[●]	[●]	[●]	[●]
21st coupon	[●]	[●]	[●]	[●]
22nd coupon	[●]	[●]	[●]	[●]
23rd coupon	[●]	[●]	[●]	[●]
24th coupon	[●]	[●]	[●]	[●]
25th coupon	[●]	[●]	[●]	[●]
26th coupon	[●]	[●]	[●]	[●]
27th coupon	[●]	[●]	[●]	[●]
28th coupon	[●]	[●]	[●]	[●]
29th coupon	[●]	[●]	[●]	[●]
Principal/ Maturity value	[●]	[●]	[●]	[●]

Option II

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	**[●] (cumulative)**
Day count convention	Actual/actual

**Based on current Issue Closing date and post Issue timelines. Subject to further change*.

Cash flow	**Due Date**	**Date of payment**	**No. of days in Coupon**	**Amount (in ₹)**

Principal / Maturity Value	[●]	[●]	[●]	[●]

Option III

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●] (monthly)
Day count convention	[●]

**Based on current Issue Closing date and post Issue timelines. Subject to further change.*

Cash flow	**Due Date**	**Date of a payment**	**No. of days in Coupon**	**Amount(in ₹)**
1st coupon	[●]	[●]	[●]	[●]
2nd coupon	[●]	[●]	[●]	[●]
3rd coupon	[●]	[●]	[●]	[●]
4th coupon	[●]	[●]	[●]	[●]
5th coupon	[●]	[●]	[●]	[●]
6th coupon	[●]	[●]	[●]	[●]
7th coupon	[●]	[●]	[●]	[●]
8th coupon	[●]	[●]	[●]	[●]
9th coupon	[●]	[●]	[●]	[●]
10th coupon	[●]	[●]	[●]	[●]
11th coupon	[●]	[●]	[●]	[●]
12th coupon	[●]	[●]	[●]	[●]
13th coupon	[●]	[●]	[●]	[●]
14th coupon	[●]	[●]	[●]	[●]
15th coupon	[●]	[●]	[●]	[●]
16th coupon	[●]	[●]	[●]	[●]
17th coupon	[●]	[●]	[●]	[●]
18th coupon	[●]	[●]	[●]	[●]
19th coupon	[●]	[●]	[●]	[●]
20th coupon	[●]	[●]	[●]	[●]
21st coupon	[●]	[●]	[●]	[●]
22nd coupon	[●]	[●]	[●]	[●]
23rd coupon	[●]	[●]	[●]	[●]
24th coupon	[●]	[●]	[●]	[●]
25th coupon	[●]	[●]	[●]	[●]
26th coupon	[●]	[●]	[●]	[●]
27th coupon	[●]	[●]	[●]	[●]
28th coupon	[●]	[●]	[●]	[●]
29th coupon	[●]	[●]	[●]	[●]
30th coupon	[●]	[●]	[●]	[●]
31th coupon	[●]	[●]	[●]	[●]
32th coupon	[●]	[●]	[●]	[●]
33th coupon	[●]	[●]	[●]	[●]
34th coupon	[●]	[●]	[●]	[●]
35th coupon	[●]	[●]	[●]	[●]
36 th coupon	[●]	[●]	[●]	[●]
37th Coupon	[●]	[●]	[●]	[●]
38th Coupon	[●]	[●]	[●]	[●]
39th Coupon	[●]	[●]	[●]	[●]
Principal/ Maturity value	[●]	[●]	[●]	[●]

OPTION IV

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000.00
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]

Frequency of the interest payment with specified dates	[●] (Cumulative)
Day count convention	[●]

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flow	Due Date	Date of payment	No. of days in Coupon	Amount (in ₹)
Principal / Maturity Value	[●]	[●]	[●]	[●]

OPTION V

Company	**Sakthi Finance Limited**
Face value (per security)	₹1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●]
Day count convention	[●]

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flow	Due Date	Date of a payment	No. of days in Coupon	Amount (in ₹)
1st coupon	[●]	[●]	[●]	[●]
2nd coupon	[●]	[●]	[●]	[●]
3rd coupon	[●]	[●]	[●]	[●]
4th coupon	[●]	[●]	[●]	[●]
5th coupon	[●]	[●]	[●]	[●]
6th coupon	[●]	[●]	[●]	[●]
7th coupon	[●]	[●]	[●]	[●]
8th coupon	[●]	[●]	[●]	[●]
9th coupon	[●]	[●]	[●]	[●]
10th coupon	[●]	[●]	[●]	[●]
11th coupon	[●]	[●]	[●]	[●]
12th coupon	[●]	[●]	[●]	[●]
13th coupon	[●]	[●]	[●]	[●]
14th coupon	[●]	[●]	[●]	[●]
15th coupon	[●]	[●]	[●]	[●]
16th coupon	[●]	[●]	[●]	[●]
17th coupon	[●]	[●]	[●]	[●]
18th coupon	[●]	[●]	[●]	[●]
19th coupon	[●]	[●]	[●]	[●]
20th coupon	[●]	[●]	[●]	[●]
21st coupon	[●]	[●]	[●]	[●]
22nd coupon	[●]	[●]	[●]	[●]
23rd coupon	[●]	[●]	[●]	[●]
24th coupon	[●]	[●]	[●]	[●]
25th coupon	[●]	[●]	[●]	[●]
26th coupon	[●]	[●]	[●]	[●]
27th coupon	[●]	[●]	[●]	[●]
28th coupon	[●]	[●]	[●]	[●]
29th coupon	[●]	[●]	[●]	[●]
30th coupon	[●]	[●]	[●]	[●]
31th coupon	[●]	[●]	[●]	[●]
32th coupon	[●]	[●]	[●]	[●]
33th coupon	[●]	[●]	[●]	[●]
34th coupon	[●]	[●]	[●]	[●]
35th coupon	[●]	[●]	[●]	[●]
36 th coupon	[●]	[●]	[●]	[●]
37th coupon	[●]	[●]	[●]	[●]
38th coupon	[●]	[●]	[●]	[●]
39th coupon	[●]	[●]	[●]	[●]
40th coupon	[●]	[●]	[●]	[●]
41st coupon	[●]	[●]	[●]	[●]
42nd coupon	[●]	[●]	[●]	[●]
43rd coupon	[●]	[●]	[●]	[●]

Cash flow	Due Date	Date of a payment	No. of days in Coupon	Amount (in ₹)
44th coupon	[●]	[●]	[●]	[●]
45th coupon	[●]	[●]	[●]	[●]
46th coupon	[●]	[●]	[●]	[●]
47th coupon	[●]	[●]	[●]	[●]
48th coupon	[●]	[●]	[●]	[●]
49th coupon	[●]	[●]	[●]	[●]
50th coupon	[●]	[●]	[●]	[●]
Principal/ Maturity value	[●]	[●]	[●]	[●]

OPTION VI

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●] (cumulative) 50 months
Day count convention	[●]

*Based on current Issue Closing date and post Issue timelines. Subject to further change

Cash flow	Due Date	Date of payment	No. of days in Coupon	Amount (in ₹)
Principal / Maturity Value	[●]	[●]	[●]	[●]

Note: The amounts in the above illustration of cash flows are rounded to nearest rupee for coupon and redemption payout for a single NCD. At the time of actual coupon payment / redemption, if the total coupon / redemption amount to be paid is a fraction and not an integer, such amount will be rounded off to the nearest integer.

OPTION VII

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●] (monthly) (61 months)
Day count convention	[●]

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flow	Due Date	Date of a payment	No. of days in Coupon	Amount(in ₹)
1st coupon	[●]	[●]	[●]	[●]
2nd coupon	[●]	[●]	[●]	[●]
3rd coupon	[●]	[●]	[●]	[●]
4th coupon	[●]	[●]	[●]	[●]
5th coupon	[●]	[●]	[●]	[●]
6th coupon	[●]	[●]	[●]	[●]
7th coupon	[●]	[●]	[●]	[●]
8th coupon	[●]	[●]	[●]	[●]
9th coupon	[●]	[●]	[●]	[●]
10th coupon	[●]	[●]	[●]	[●]
11th coupon	[●]	[●]	[●]	[●]
12th coupon	[●]	[●]	[●]	[●]
13th coupon	[●]	[●]	[●]	[●]
14th coupon	[●]	[●]	[●]	[●]
15th coupon	[●]	[●]	[●]	[●]
16th coupon	[●]	[●]	[●]	[●]
17th coupon	[●]	[●]	[●]	[●]
18th coupon	[●]	[●]	[●]	[●]
19th coupon	[●]	[●]	[●]	[●]
20th coupon	[●]	[●]	[●]	[●]
21st coupon	[●]	[●]	[●]	[●]

Cash flow	Due Date	Date of a payment	No. of days in Coupon	Amount(in ₹)
22nd coupon	[●]	[●]	[●]	[●]
23rd coupon	[●]	[●]	[●]	[●]
24th coupon	[●]	[●]	[●]	[●]
25th coupon	[●]	[●]	[●]	[●]
26th coupon	[●]	[●]	[●]	[●]
27th coupon	[●]	[●]	[●]	[●]
28th coupon	[●]	[●]	[●]	[●]
29th coupon	[●]	[●]	[●]	[●]
30th coupon	[●]	[●]	[●]	[●]
31th coupon	[●]	[●]	[●]	[●]
32th coupon	[●]	[●]	[●]	[●]
33th coupon	[●]	[●]	[●]	[●]
34th coupon	[●]	[●]	[●]	[●]
35th coupon	[●]	[●]	[●]	[●]
36 th coupon	[●]	[●]	[●]	[●]
37th coupon	[●]	[●]	[●]	[●]
38th coupon	[●]	[●]	[●]	[●]
39th coupon	[●]	[●]	[●]	[●]
40th coupon	[●]	[●]	[●]	[●]
41st coupon	[●]	[●]	[●]	[●]
42nd coupon	[●]	[●]	[●]	[●]
43rd coupon	[●]	[●]	[●]	[●]
44th coupon	[●]	[●]	[●]	[●]
45th coupon	[●]	[●]	[●]	[●]
46th coupon	[●]	[●]	[●]	[●]
47th coupon	[●]	[●]	[●]	[●]
48th coupon	[●]	[●]	[●]	[●]
49th coupon	[●]	[●]	[●]	[●]
50th coupon	[●]	[●]	[●]	[●]
51st coupon	[●]	[●]	[●]	[●]
52nd coupon	[●]	[●]	[●]	[●]
53rd coupon	[●]	[●]	[●]	[●]
54th coupon	[●]	[●]	[●]	[●]
55th coupon	[●]	[●]	[●]	[●]
56th coupon	[●]	[●]	[●]	[●]
57th coupon	[●]	[●]	[●]	[●]
58th coupon	[●]	[●]	[●]	[●]
59th coupon	[●]	[●]	[●]	[●]
60th coupon	[●]	[●]	[●]	[●]
61st coupon	[●]	[●]	[●]	[●]
62nd coupon	[●]	[●]	[●]	[●]
Principal/ Maturity value	[●]	[●]	[●]	[●]

OPTION VIII

Company	**Sakthi Finance Limited**
Face value (per security)	₹ 1000.00
Issue Opening Date/ Date of Allotment (tentative)*	[●]
Redemption Date	[●]
Coupon Rate for all Category	[●]
Frequency of the interest payment with specified dates	[●]
Day count convention	[●]

*Based on current Issue Closing date and post Issue timelines. Subject to further change.

Cash flow	Due Date	Date of a payment	No. of days in Coupon	Amount(in ₹)
Principal / Maturity Value	[●]	[●]	[●]	[●]

C: CREDIT RATING AND RATIONALE

ICRA   ICRA Limited

CONFIDENTIAL

Ref. No. ICRA/Sakthi Finance Limited/18032022/1   March 18, 2022

Mr. M. Balasubramaniam
Vice Chairman & Managing Director
Sakthi Finance Limited
62, Dr. Nanjappa Road
Coimbatore - 641 018

Dear Sir,

Re: ICRA Credit Rating for the Rs.100.00 crore Non-Convertible Debenture (NCD) Programme of Sakthi Finance Limited

Please refer to Statement of Work dated February 18, 2022 executed between ICRA Limited ("ICRA") and your company for carrying out the rating of the aforesaid **NCD** Programme. The Rating Committee of ICRA, after due consideration, has assigned the **"[ICRA]BBB"** (pronounced as ICRA triple B) rating to the captioned programme. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. The Outlook on the long-term rating is **'Stable'**.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]BBB(Stable).** We would request if you can sign the acknowledgement and send it to us latest by March 23, 2022 as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed by the Securities and Exchange Board of India (SEBI) vide SEBI circular dated June 30, 2017.

Any intimation by you about the above rating to any banker/lending agency/government authorities/stock exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

ICRA

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

KRISHNAMURTHY SRIKUMAR

Digitally signed by KRISHNAMURTHY SRIKUMAR
DN: c=IN, o=Personal, 2.5.4.20=ee4a6f121660dd89bbfc0d1f8029b831670227a29c94c165665c73c1c7419e01, postalCode=600117, st=TAMIL NADU, serialNumber=82cdf8b6028a82375bb0385a0470e110ff2cd153c336daf6899536796d6a20cb, cn=KRISHNAMURTHY SRIKUMAR, l=KANCHIPURAM, pseudonym=1c55ed26f62648e5a3cdf411638d1724, email=KSRIKUMAR@ICRAINDIA.COM
Date: 2022.03.19 21:51:41 +05'30'

(Srikumar K)
Vice President
Email: ksrikumar@icraindia.com

March 22, 2022

Sakthi Finance Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures (NCDs)	497.80	497.80	[ICRA]BBB (Stable); reaffirmed
	19.91	0.00	[ICRA]BBB (Stable); reaffirmed and withdrawn
	0.00	100.00	[ICRA]BBB (Stable); assigned
Fixed Deposits	-	-	MA- (Stable); reaffirmed
Fund Based - Term Loans	83.10	83.10	[ICRA]BBB (Stable); reaffirmed
Fund-based Long-term Facilities from Banks	131.66	131.66	[ICRA]BBB (Stable); reaffirmed
Fund Based – Interchangeable#	(60.66)	(68.66)	[ICRA]BBB (Stable)/[ICRA]A2; reaffirmed
Fund-based Short-term Facilities from Banks	100.00	100.00	[ICRA]A2; reaffirmed
Total	832.47	912.56	

Instrument details are provided in Annexure-1; #Sub-limit of fund-based long-term facilities from banks

Rationale

The reaffirmation of the ratings takes into consideration Sakthi Finance Limited's (SFL) experience in the retail financing business and its established franchise, which has evolved over the last six decades of its operations. The ratings are, however, constrained by SFL's geographically concentrated operations, the highly competitive business environment, and its subdued profitability indicators. SFL's capitalisation profile is adequate with a gearing of 6.3 times as of December 2021 (provisional; 6.2 times as of March 2021). ICRA notes that the company has deferred its previously stated plan of raising Rs. 25 crore of equity, given the modest portfolio growth and adequate liquidity in the near team.

SFL's 90+ days past due (dpd) stood at 5.0% (provisional) as of December 2021 similar to March 2021 levels. Its liquidity profile is currently adequate; however, it would be crucial for the company to diversify its funding profile to support portfolio growth while maintaining its liquidity profile.

ICRA notes that the sub-debt raised by the company up to FY2020 via a private placement to retail/high-net-worth individual (HNI) investors (Rs. 234 crore outstanding as of December 2021) was not in adherence to the Reserve Bank of India's (RBI) guidelines[1]. While SFL has made its representation to the RBI on this matter and has also requested forbearance, it has stopped taking fresh deposits since H2 FY2021 and stopped renewals since April 2021. SFL's capital adequacy stood at 20.2% (provisional) as of December 2021 without considering the aforementioned sub-debt as Tier II capital. Further, if the outstanding sub-debt is treated as public deposits, the company would be in breach of the cap on deposits at 1.5 times of the net owned funds (NOF) and would also have to augment its statutory liquid assets. Any adverse development regarding the above, including the requirement to increase liquid assets, etc, could impact the company's liquidity. SFL is planning to raise about Rs. 50 crore through the public issuance of debentures (with a greenshoe option of an additional Rs. 50 crore) in May 2022, which is expected to support its liquidity position. The promoters are also expected to provide support, if required, by infusing liquidity or equity.

[1] *RBI guidelines on raising money via private placement by a non-banking financial company (NBFC)*

ICRA has reaffirmed and withdrawn the rating of [ICRA]BBB (Stable) on the Rs. 19.91-crore non-convertible debenture (NCD) of SFL. These instruments were fully redeemed and there is no amount outstanding against the rated instruments. The rating was withdrawn in accordance with the policy on withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Established franchise and presence in regional market – SFL has a track record of more than six decades in the vehicle finance segment, with operations across Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. It has a good understanding of the target segments, mainly the used commercial vehicle (CV) segment, and has established customer relationships, with repeat customers accounting for about 55-60% of the incremental business.

ICRA notes that the Sakthi Group's presence in related businesses like automotive dealerships has aided in effective origination, prudent appraisal, good market responsiveness, monitoring and collections. The company has a branch-centric operating model with an in-house origination team, which is responsible for collections, while the credit sanctions are centralised. SFL conducts credit bureau checks to screen its customers, followed by field investigation and income assessment and viability analysis as a part of its loan origination process. It has implemented a workflow management system in the majority of its branches, which enables the management to monitor the sourcing and collection activities on a real-time basis.

Adequate near-term capitalisation structure – SFL has an adequate capitalisation profile with a gearing[2] of 6.3 times as of December 2021 (provisional; 6.2 times as of March 2021). The company had raised Rs. 25.00 crore through a preferential placement in March 2020, which resulted in an improvement in the gearing level in FY2020 to 6.3 times from 6.8 times in March 2019. The company was expected to raise about Rs. 25 crore from its promoters in H2 FY2022; however, the plan was deferred as the liquidity is adequate and portfolio growth expectation is limited. ICRA notes that the company' modest near-term portfolio growth expectations would keep its capital structure under control. However, as SFL envisages to reduce its gearing to 5.0-6.0 times and improve its growth over the medium to long term, it may require capital infusion for the same.

SFL's total capital adequacy, adjusted for the sub-debt raised via private placement to retail investors, stood at 20.2% (provisional; Tier I at 13.4%) as of December 2021. The company would have to augment its capital to comply with the ceiling on the quantum of deposits (1.5 times of NOF) for NBFCs if the sub-debt were to be treated as public deposits. SFL has made a representation to the RBI and has applied for forbearance in this regard.

Credit challenges

Modest portfolio growth; regionally concentrated operations – SFL's portfolio increased at a modest compound annual growth rate (CAGR) of about 4% during FY2017-FY2021. The portfolio grew by a modest 3.9% in FY2021 to Rs. 1,126 crore and declined by 1.8% in 9M FY2022 to Rs. 1,106 crore as disbursements were adversely impacted due to the Covid-19 pandemic. SFL has a regionally concentrated portfolio with Tamil Nadu and Kerala accounting for 96% of the total portfolio as of December 2021. ICRA expects the portfolio share to remain concentrated, given the company's limited branch expansion plans in the medium term.

Subdued profitability indicators – SFL's net interest margin reduced to 5.2% in FY2021 from 5.6% in FY2020 due to slowing demand and low business volumes due to the pandemic. For 9M FY2022 it stood at 5.5% (annualised; provisional) supported by improvement in yields. Its operating cost ratio remained high at 4.0% in 9M FY2022 (3.9% in FY2021 and 4.2% in FY2020) and the credit cost increased to 0.9% in 9M FY2022 from 0.4-0.6% in the prior 5 years. SFL's profit after tax (PAT), as a proportion of total assets, stood at 1.0%, 0.8% and 0.7% (provisional) in FY2020, FY2021 and 9M FY2022, respectively. The

[2] *Net worth (Ind-AS) adjusted for revaluation reserve*

company's ability to improve its business margins and operating efficiency further and keep the credit costs under control would be critical for improving its profitability going forward.

Moderate asset quality – The 90+dpd was largely stable at 5.0% in December 2021 (provisional) similar to March 2021 levels. The softer bucket overdues (30+dpd) stood at 14.2% in December 2021 and 14.1% in March 2021 (19.4% in March 2020). The company's credit cost stood at 0.9% in 9M FY2022 and 0.6% in FY2021 (0.4-0.6% in FY2018-FY2021) and the provision coverage on gross stage 3 assets improved to 64.2% as of December 2021 from 54.9% in March 2021. SFL has a restructured book outstanding at 0.5% of the loan portfolio as of December 2021. ICRA notes that it would be critical for the company to undertake effective recoveries to keep the asset quality and credit costs under control.

Access to adequate funding critical to meet long-term growth plans – SFL has limited financial flexibility as the continued weakness in the performance of the Group entities constrains its ability to secure incremental funding from some banks. However, ICRA notes that SFL has increased its dependence in the recent past on retail/HNI sources and especially via public issuance of debentures. As of December 2021, loans from banks and financial institutions, deposits, NCDs (public issue), NCDs (private placement), preference shares, sub-debt (public issue) and sub-debt (private placement) accounted for 14%, 9%, 39%, 11%, 1%, 3% and 22% respectively, of the total debt. The increase in the share of public NCDs over the recent past, which has led to chucky outflows and the company manages the same at present with a fresh public issuance of NCDs. SFL is in the process of raising about Rs. 100 crore through the public issuance of debentures (including greenshoe option of Rs. 50 crore) by May 2022, which is expected to support its NCD redemptions in May 2022 and help it maintain an adequate liquidity profile. The company's track record of raising monies via public issuance in the past provides comfort. The promoters are also expected to provide support, if required, by infusing liquidity or equity. SFL's ability to diversify its lender base to achieve its long-term growth plans and to maintain adequate liquidity will be a key monitorable.

ICRA notes that the sub-debt raised by the company from retail investors upto FY2020, with an outstanding of Rs. 234 crore as of December 2021, was not in adherence to the RBI's guidelines on raising money via private placement by an NBFC. Accordingly, if the total outstanding sub-debt is treated as public deposits, the company would have to augment investments in liquid assets. While SFL has made its representation to the RBI on the above matter and has also requested forbearance, it has stopped taking fresh deposits since H2 FY2021 and stopped the renewal of existing deposits since April 2021. The requirement to increase investment in liquid assets, etc, could impact the company's liquidity.

Liquidity position: Adequate

SFL has unencumbered cash and liquid investments of Rs. 39.5 crore and undrawn bank lines of Rs.53.0 crore as on February 28, 2022 with payment obligation of Rs. 129.5 crore for March 2022 - May 2022. Asset Liability Maturity (ALM) profile as on December 31, 2021 does not reflect cumulative negative mismatches upto 12 months. ICRA notes that the company's collections have reached pre-covid levels in Q4 FY2021 by making average monthly collections of Rs.60 crore. The proposed public issuance of NCDs by May 2022 is expected to further bolster its liquidity position. In view of the observations pertaining to the sub-debt, it would be crucial for SFL to ensure the successful placement of its proposed NCDs; this would be important from liquidity perspective in the near term.

Rating sensitivities

Positive factors – ICRA could change the outlook or upgrade the ratings if SFL steadily improves its funding, asset quality and earnings profiles.

Negative factors – ICRA could change the outlook or downgrade SFL's ratings in case of a deterioration in its liquidity profile or an increase in the gearing beyond 7.0 times on a sustained basis or a significant weakening in the asset quality, which could adversely impact its earnings.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of SFL

About the company

Sakthi Finance Limited (SFL), incorporated in 1955, is a part of the Sakthi Group, which has a presence across sectors such as sugar, beverages, automobile and transport dealerships, auto components and textiles. SFL primarily finances CVs, which constituted 90% of its total portfolio as of December 2021. The remaining portfolio consisted of loans towards the purchase of cars, construction equipment and other machinery. SFL primarily operates in Tamil Nadu and Kerala, which together accounted for about 96% of the total portfolio.

In FY2021, SFL reported a net profit of Rs. 9.4 crore on a managed asset base of Rs. 1,214.9 crore compared to a net profit of Rs. 11.1 crore on a managed asset base of Rs. 1,194.1 crore in FY2020. As per the provisional financials for 9M FY2022, the company reported a net profit of Rs. 7.2 crore on a managed asset base of Rs. 1,251.5 crore.

Key financial indicators (audited)

Sakthi Finance Limited	FY2020	FY2021	9M FY2022 (P)
	Ind-AS	Ind-AS	Ind-AS
Total income (Rs. crore)	168.7	171.0	135.1
Profit after tax (Rs. crore)	11.1	9.4	7.2
Net worth (Rs. crore) *	160.5	166.5	170.1
Total managed portfolio (Rs. crore)	1,083.6	1,126.4	1,106.3
Total managed assets (Rs. crore)	1,194.1	1,214.9	1,251.5
Return on managed assets (%)	1.0%	0.8%	0.7%
Return on net worth (%)	7.6%	5.7%	5.5%
Gearing (times)*	6.3	6.2	6.3
Gross stage 3 (%)	4.6%	5.0%	5.0%
Net stage 3 (%)	2.3%	2.2%	1.8%
Solvency (Net stage 3/Net worth)	15.2%	15.2%	11.5%
CRAR (%)**	19.0%	19.2%	20.2%

*Source: Company, ICRA Research; *Adjusted for revaluation reserve; **Not considering sub-debt (private placement) as Tier II capital*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)					Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
					Mar 22, 2022	Apr 26, 2021	Aug 04, 2020	Apr 13, 2020	Feb 20, 2020	Apr 06, 2018/ Feb 14, 2019/ Feb 21, 2019
1	NCDs	Long Term	497.80	497.80	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
			19.91	0.00	[ICRA]BBB (Stable); withdrawn	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
			100.00	0.00	[ICRA]BBB (Stable)	-	-	-	-	-
2	Fixed Deposits	Medium Term	-	-	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA-&	MA- (Stable)	MA- (Stable)
3	Term Loans	Long Term	83.10	83.10	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
4	Long-term Bank Facilities	Long Term	131.66	131.66	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)	[ICRA]BBB&	[ICRA] BBB (Stable)	[ICRA] BBB (Stable)
5	Fund-based Interchangeable^	Long Term/ Short Term	(68.66)	(68.66)	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB&/ [ICRA]A2&	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2
6	Short-term Bank Facilities	Short Term	100.00	100.00	[ICRA] A2	[ICRA] A2	[ICRA] A2	[ICRA] A2&	[ICRA] A2	[ICRA] A2

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund Based – Cash Credit	Simple
Short-term Fund Based – Working Capital Demand Loan	Simple
Long-term Fund Based – Term Loans	Simple
Fixed Deposit Programme	Very Simple
Non-convertible Debentures	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE302E07193	NCD	May-15-2019	9.75%	May-15-2022	5.92	[ICRA]BBB (Stable)
INE302E07201	NCD	May-15-2019	9.75%	May-15-2022	2.69	[ICRA]BBB (Stable)
INE302E07219	NCD	May-15-2019	-	May-15-2022	8.00	[ICRA]BBB (Stable)
INE302E07227	NCD	May-15-2019	10.00%	May-15-2023	19.09	[ICRA]BBB (Stable)
INE302E07235	NCD	May-15-2019	10.00%	May-15-2023	2.92	[ICRA]BBB (Stable)
INE302E07243	NCD	May-15-2019	-	May-15-2023	15.41	[ICRA]BBB (Stable)
INE302E07250	NCD	May-08-2020	9.50%	May-08-2022	16.91	[ICRA]BBB (Stable)
INE302E07268	NCD	May-08-2020	-	May-08-2022	19.73	[ICRA]BBB (Stable)
INE302E07276	NCD	May-08-2020	9.75%	Aug-08-2023	8.12	[ICRA]BBB (Stable)
INE302E07284	NCD	May-08-2020	9.75%	Aug-08-2023	1.42	[ICRA]BBB (Stable)
INE302E07292	NCD	May-08-2020	-	Aug-08-2023	7.94	[ICRA]BBB (Stable)
INE302E07300	NCD	May-08-2020	10.00%	Jun-08-2024	18.94	[ICRA]BBB (Stable)
INE302E07318	NCD	May-08-2020	10.00%	Jun-08-2024	2.49	[ICRA]BBB (Stable)
INE302E07326	NCD	May-08-2020	-	Jun-08-2024	11.29	[ICRA]BBB (Stable)
INE302E07334	NCD	Jul-29-2021	9.50%	Sep-29-2023	29.49	[ICRA]BBB (Stable)
INE302E07342	NCD	Jul-29-2021	-	Sep-29-2023	32.14	[ICRA]BBB (Stable)
INE302E07359	NCD	Jul-29-2021	9.75%	Oct-29-2024	16.63	[ICRA]BBB (Stable)
INE302E07367	NCD	Jul-29-2021	-	Oct-29-2024	15.95	[ICRA]BBB (Stable)
INE302E07375	NCD	Jul-29-2021	10.00%	Aug-29-2025	35.66	[ICRA]BBB (Stable)
INE302E07383	NCD	Jul-29-2021	-	Aug-29-2025	21.07	[ICRA]BBB (Stable)
INE302E08027	NCD	May-15-2019	10.25%	Jun-15-2024	20.85	[ICRA]BBB (Stable)
INE302E08035	NCD	May-15-2019	10.25%	Jun-15-2024	1.07	[ICRA]BBB (Stable)
INE302E08043	NCD	May-15-2019	-	Jun-15-2024	21.84	[ICRA]BBB (Stable)
INE302E08050	NCD	May-08-2020	10.25%	Jul-08-2025	7.39	[ICRA]BBB (Stable)
INE302E08068	NCD	May-08-2020	10.25%	Jul-08-2025	0.67	[ICRA]BBB (Stable)
INE302E08076	NCD	May-08-2020	-	Jul-08-2025	7.98	[ICRA]BBB (Stable)
INE302E08084	NCD	Jul-29-2021	10.50%	Aug-29-2026	30.89	[ICRA]BBB (Stable)
INE302E08092	NCD	Jul-29-2021	-	Aug-29-2026	16.71	[ICRA]BBB (Stable)
Unutilised	NCD	NA	NA	NA	98.61	[ICRA]BBB (Stable)
Unutilised	NCD – Fresh	NA	NA	NA	100.00	[ICRA]BBB (Stable)
INE302E07177	NCD	May-15-2019	9.50%	May-15-2021	6.47	[ICRA]BBB (Stable); withdrawn
INE302E07185	NCD	May-15-2019	9.50%	May-15-2021	13.44	[ICRA]BBB (Stable); withdrawn
NA	Fixed Deposits	NA	NA	NA	-	MA- (Stable)
NA	Term Loans	NA	NA	NA	83.10	[ICRA]BBB (Stable)
NA	Cash Credit	NA	NA	NA	131.66	[ICRA]BBB (Stable)
NA	Fund-based Interchangeable	NA	NA	NA	(68.66)^	[ICRA]BBB (Stable) /[ICRA]A2
NA	Working Capital Demand Loan	NA	NA	NA	100.00	[ICRA]A2

Source: Company; ^ Sub-limit of fund-based long-term facilities from banks

Annexure-2: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

R Srinivasan
+91 44 4596 4315
r.srinivasan@icraindia.com

Shaik Abdul Saleem
+91 44 4596 4325
shaik.saleem@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA

ICRA Limited

Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches

D: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself... Trust us!

CL/PUN/21-22/DEB/64

Date: 28.02.2022

To,

Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore-641 018

PROPOSED PUBLIC ISSUE BY SAKTHI FINANCE LIMITED (THE "COMPANY" OR" ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,000 EACH ("NCDs") FOR AN AMOUNT NOT EXCEEDING INR 5,000 LAKHS ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION FOR AN AMOUNT NOT EXCEEDING INR 5,000 LAKHS, AGGREGATING TO AN AMOUNT NOT EXCEEDING INR 10,000 LAKHS ("HEREINAFTER REFERRED TO AS "THE ISSUE")

Dear Sir(s),

We, the undersigned, hereby consent to be named as the Debenture Trustee pursuant Regulation 8 of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021. We further extend our consent and no objection to our name being inserted in the Draft Prospectus to be filed with stock exchange(s) where NCDs are proposed to be listed **("Stock Exchange(s)")** for the purpose of receiving the public comments and to be forwarded to Securities and Exchange Board of India **("SEBI")** and in the Prospectus to be filed with Registrar of Companies, Tamilnadu, Coimbatore **("ROC")**, Stock Exchange(s) and SEBI, which the Company intends to circulate in respect of the proposed Issue and also in all related advertisements and communications sent pursuant to the Issue of NCDs.

The following details with respect to us may be disclosed:

Name	: **Catalyst Trusteeship Limited**
Address	: "GDA House", First Floor, Plot No. 85, Bhusari Colony (Right) Paud Road, Pune - 411 038
Tel No	: +91 (020) 6680 7200
Fax No	: +91 (020) 2528 0275
E-mail	: dt@ctltrustee.com
Website	: www.catalysttrustee.com
Investor Grievance Email	: dt@ctltrustee.com
Contact person	: Ms. Pallavi Kulkarni
Compliance Officer	: Ms. Rakhi Kulkarni
SEBI Registration No	: IND000000034
CIN	: U74999PN1997PLC110262

We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format. We confirm that we are registered with the SEBI and that such registration is valid and that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/ investigation is/was being conducted by SEBI on us.

We confirm that we will immediately inform the Company of any change and/or update to the above information until the date when the NCDs commence trading on the BSE Limited. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading on BSE Limited.

We also authorise you to deliver a copy of this letter of consent to RoC, the stock exchange(s), SEBI, pursuant to the provisions of Section 26 and 32 of the Companies Act 2013 and other applicable laws and to other regulatory authority as required by law.

Yours faithfully
For and on behalf of Catalyst Trusteeship Limited

P.S. Kulkarni

Catalyst Trusteeship Limited

Authorized Signatory
Name: Ms. Pallavi Kulkarni
Designation: Chief Manager

Date: 28.02.2022
Place: Pune

DECLARATION REGARDING REGISTRATION WITH SEBI

Sakthi Finance Limited
62, Dr. Nanjappa Road
Post Box No. 3745
Coimbatore-641 018

PROPOSED PUBLIC ISSUE BY SAKTHI FINANCE LIMITED (THE "COMPANY" OR "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,000 EACH ("NCDs") FOR AN AMOUNT NOT EXCEEDING INR 5,000 LAKHS ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION FOR AN AMOUNT NOT EXCEEDING INR 5,000 LAKHS, AGGREGATING TO AN AMOUNT NOT EXCEEDING `INR 10,000 LAKHS ("HEREINAFTER REFERRED TO AS "THE ISSUE")

We hereby confirm that as on date of the following details in relation to our registration with the Securities and Exchange Board of India **("SEBI")** as a Debenture Trustees true and correct.

Sl No	Particular	Details
1	Registration Number	IND000000034
2	Date of Registration/Renewal of Registration	July 29th, 2016
3	Date of Expiry of Registration	Permanent
4	If applied for Renewal, Date of Application	NA
5	Details of communication from SEBI prohibiting from acting as Debenture Trustee	NIL
6	Details of any pending inquiry/investigation being conducted by the SEBI	NIL
7	Details of any penalty imposed by SEBI	NIL

We confirm that we will immediately inform the Company of any change and/or update to the above information until the date when the NCDs commence trading on the BSE Limited. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading on BSE Limited.

Yours faithfully,
For and on behalf of Catalyst Trusteeship Limited

P. S. Kulkarni

Catalyst Trusteeship Limited

Authorized Signatory
Name: Ms. Pallavi Kulkarni
Designation: Chief Manager

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258

(विनियम 8)
(Regulation 8)

(Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

PERMANENT REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

CATALYST TRUSTEESHIP LIMITED
GDA HOUSE, PLOT NO. 85,
BHUSARI COLONY (RIGHT), PAUD ROAD
PUNE – 411 038
MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।
2) Registration Code for the debenture trustee is **IND000000034**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है;
3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **JULY 29, 2016**

MJ Sonparote

MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory