

**ANNUAL REPORT OF  
SARVODAYA NANO FINANCE  
LIMITED  
(SNFL)  
2020 – 2021**

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## ***1.0 Introduction:***

### ***1.1 About SNFL***

Sarvodaya Nano Finance Limited (SNFL) is a Non-Banking Financial Company (NBFC) registered under the Companies Act, 1956 with limited liability. SNFL offers financial services such as loans and advances. All NBFCs are registered with the Reserve Bank of India to conduct Non-Banking Financial Business, for hassle-free operations, these entities are required to comply with certain credit and operational policies as mentioned by the central bank i.e. Reserve Bank of India. SNFL is a sister concern of ASSEFA (Association of Sarva Seva Farms), incorporated in the year 2003. SNFL has its head office at Chennai with about 88 branch offices all over Tamil Nadu.

The shareholders of the Company are mainly the SMBTs formed by the Self Help Group of women (SHGs) in rural areas. SNFL is owned by Trusts created from people's own contribution, thereby initiating the first step towards the rural women empowerment. The Board of Directors of the Company manages the affairs of the Company. The Board Meeting will be conducted once in three months as per statutory requirements. The Board will also meet whenever crucial decisions are to be taken. The Board will take the policy decisions on matters like Business Strategies, Resource mobilization, utilization of resources and personnel policies

### ***1.2. Principles/ Philosophy***

SNFL follows the following principles:

- i. Credit services is often to neglected and marginalised sections of the society
- ii. Increasing profit through responsible commercial operations, thereby supporting the shareholder SMBTs in order to enhance their contribution to the society
- iii. Demonstrating that lending to low income households is a viable proposition
- iv. Encouraging entrepreneurship among the low income households

**1.3 Our Vision** is to see to it that no woman feels vulnerable for want of credit.

**1.4 Our Mission** is to facilitate easy credit for livelihood to neglected and marginalized sections of the society and encourage rural women entrepreneurship.

## **SARVODAYA NANO FINANCE LIMITED**

**Registered Office:** 279, Avvai Shanmugam Salai, Royapettah, Chennai – 600 014

CIN: U65923TN2003PLC050614 Tel.No.04428131880. Email id: [info@sarvodayanano.in](mailto:info@sarvodayanano.in)

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### **NOTICE OF ANNUAL GENERAL MEETING**

#### **2.0 Notice of Annual General Meeting**

**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of Sarvodaya Nano Finance Limited will be held on Thursday, 30<sup>th</sup> September, 2021, at 10.30 a.m. at ASSEFA Training Center, V. Ammapatti, T.Kallupatti, Peraiyur Taluk, Madurai District to transact the following:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon;

#### **SPECIAL BUSINESSES**

#### **2. APPROVE LIMITS FOR LENDING OF THE COMPANY PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 186(3) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board from time to time) of the Company to lend such sum or sums of moneys as credit facilities exceeding the paid up share capital, free

reserves and securities premium of the company not set apart for any specific purpose provided that the total amount upto which monies may be lent by the Board of Directors shall not exceed Rs.100 Crores (Rupees Hundred Crores only) at any time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, including any committee which the Board may constitute for this purpose, be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution."

#### **3. APPROVAL OF SHAREHOLDERS FOR RELATED PARTY TRANSACTIONS**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to Section 188 (1) of the Companies Act, 2013 and rules made there under and the amendments thereto, all the transactions of the Company with Sarva Jana Seva Kosh Limited (SJSK), Association for Sarva Seva Farms (ASSEFA), Sarva Seva Gramodhyog Samithi (SSGS) and Mr. L. Kumar being a related party within the meaning of Section 2 (76) of the Companies Act 2013, including the banking transactions, investment, borrowing, reimbursement of expenses for carrying out activities, payment and receipt of provident fund and gratuity for the employees deputed and payment of rent and any other transactions during 2019-20 approved by the Audit Committee the details of which as set out in notes forming part of the financial statements and are hereby ratified

**RESOLVED FURTHER THAT** pursuant to Section 188 (1) of the Companies Act, 2013 and any other applicable provisions, including any re-enactment/ modification/ amendment thereof, the carrying out and/ or continuing with arrangements and transactions with SJSK, ASSEFA, SSGS and Mr. L. Kumar being a

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**NOTICE OF ANNUAL GENERAL MEETING**

related party within the meaning of Section 2 (76) of the Companies Act 2013, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise including the banking transactions, investment, borrowing, reimbursement of expenses for carrying out activities, payment and receipt of provident fund and gratuity for the employees deputed and payment of rent and any other transactions or as may be agreed upon from time to time and any other transactions including those as may be disclosed in the notes forming part of the financial statement for the relevant period as approved by the Audit Committee and as per the list of transactions attached notwithstanding the fact that all these transactions during the financial year 2021-22 in aggregate may exceed threshold limit as per the Company's last audited financial statement under the relevant provisions be and are hereby approved.

By Order of the Board

Annam Chidambaram  
Company Secretary

Place: . Kallupatti,

Date: 4.09.2021

**NOTES:**

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014

a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

4. Green Initiative: In compliance of the provision of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Company has sent Annual Reports in Electronic Mode to the Members who have registered their E-mail IDs either with the Registrar and Transfer Agents or with their respective Depositories. However, an option is available to the Members to continue to receive the physical copies of the documents/ Annual Reports by making a specific request quoting their Folio No./Client ID & DP ID to Company or to R & T Agents.
5. Members to whom hard copy of Annual Reports have been provided are requested to bring their copies of the Annual Report to the Meeting. The copies of Annual Reports shall not be made available at the venue of the Meeting.
6. Admission Slip Members / Proxies attending the Meeting should bring the Admission Slip, duly filled, for handing over at the venue of the meeting.

By Order of the Board

Annam Chidambaram  
Company Secretary

Place:T.Kallupatti,

Date: 4.09.2021

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**Registered Office:** 279, Avvai Shanmugam Salai, Royapettah, Chennai – 600 014

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**NOTICE OF ANNUAL GENERAL MEETING**

**Explanatory Statement Pursuant to Section 102  
of the Companies Act, 2013:**

**2. Lending Limits:**

When the aggregate of the loan, investment, guarantee or security already made together with the loan, investment, guarantee or security proposed to be made exceeds the limit specified u/s 186(2), prior approval by means of a special resolution is necessary. Limit u/s 186(2) is higher of –

- a. 60% of (paid-up share capital + free reserves + securities premium) or
- b. 100% of (free reserves + securities premium).

According to the provisions of sec – 186(3) of the Companies Act 2013, a Company can give loan, guarantee or provide any security or make any investment beyond the limits specified u/s 186(2), subject to prior approval of members by a special resolution passed at a general meeting.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution, except to the extent of their equity holding in the Company.

The Board of Directors of your Company recommends the Special Resolution for approval of the Shareholders.

**3. Approval of Related Party Transactions**

Sarva Jana Seva Kosh Ltd (SJSK), Association for Sarva Seva Farms (ASSEFA), Sarva Seva Gramodhyog Samithi (SSGS) and Mr. L. Kumar are a related party within the meaning of Section 2 (76) of the Companies Act 2013. The Company has several transactions like banking transactions, investment, borrowing, reimbursement of expenses for carrying out activities, payment and receipt of provident fund and gratuity for the employees deputed and payment of rent with these parties. Even though all these transactions

are in the normal course of business and at arm's length and, therefore, are not related party transactions, it is proposed to treat them as related party transactions in the interest of better corporate governance. Apart from ratifying the transactions during the year 2020-21, omnibus approval for expected related party transactions during 2021-22 is also being sought.

Mr. S. Loganathan, Director is the father of Mr. L. Kumar, Whole Time Director of SJSK. Mr. S. Loganathan is also Executive Director of ASSEFA. Mr. L. Kumar is also the Managing Trustee of SSGS. Apart from them, none of the other Directors and Key Managerial Personnel of the Company and their relatives is interested in the resolution set out at Item No. 13.

By Order of the Board

Annam Chidambaram  
Company Secretary

Place: T. Kallupatti  
Date: 4.09.2021

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**NOTICE OF ANNUAL GENERAL MEETING**

**FORM No. MGT - 11**

**Proxy Form**

**(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

CIN: U65923TN2003PLC050614

**Name of the Company:** SARVODAYA NANO FINANCE LIMITED

**Registered Office:** No.279, Avvai Shanmugam Salai, Royapettah, Chennai-600014.

**Email id:** info@sarvodayanano.in

Name of the Member (s) :  
Registered address :  
E-mail id :  
Folio No. / Client Id :  
DP ID :

I / We, being the member(s) \_\_\_\_\_ of Sarvodaya Nano Finance limited hereby appoint:

1. Name : \_\_\_\_\_:  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him / her

2. Name : \_\_\_\_\_:  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting on \_\_\_\_\_, \_\_\_\_\_ at 10.30A.M, at ASSEFA Training Center, V.Ammapatti, T.Kallupatti, Peraiyur Taluk, Madurai District and at any adjournment thereof.

Signed this ... day of .... 2021.

**Signature of Shareholder**

Affix  
Revenue  
Stamp here

**Signature of Proxy Holder (s)**

**P.S.** This form in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

**3.0 BOARDS' REPORT**

Dear Shareholders,

Your Directors have great pleasure in presenting the 18<sup>th</sup> Annual Report on the business operations of the Company and accounts for the Financial Year ended 31st March 2021.

**1. Financial Highlights**

The Company has recorded the following financial performance, for the year ended March 31, 2021:  
(INR in Lakhs)

PARTICULARS	YEAR ENDED	
	31.03.2021	31.03.2020
Income from operations for the year	484.63	1,005.04
Other Income	45.52	11.65
<b>Total Income</b>	<b>530.15</b>	<b>1,016.69</b>
Profit before Financial Expenses, Preliminary expenses, Depreciation and Taxation	73.40	489.72
Less: Financial expenses	176.32	292.61
Operating profit before Preliminary expenses, Depreciation & Taxation	(102.92)	197.11
Less: Depreciation, Preliminary expenses written off	3.30	4.20
<b>Profit/Loss before Taxation</b>	<b>(106.22)</b>	<b>192.90</b>
Less: Current tax	-	67.63
Deferred tax	(1.86)	(1.40)
Profit/loss after Taxation	(104.36)	122.66
Add: Balance brought forward	-	-
<b>Profit/Loss available for appropriation</b>	<b>(104.36)</b>	<b>122.66</b>

**2. STATE OF COMPANY'S AFFAIRS**

- During the year, your Company has incurred a loss of Rs. 106.22 Lakhs. The loss was mainly due to non disbursement of Loans and loss of revenue as a result.
- Substantial reduction in Expenses was made, but due to reduced income, profit could not be made.

**3. CHANGE IN NATURE OF BUSINESS IF ANY**

NIL

**4. DIVIDEND**

No dividend has been recommended during the year ended 31<sup>st</sup> March 2021.

**5. RESERVES**



The total reserves and surplus has decreased to Rs.960.32 lakhs as on 31-03-2021 from Rs.1,013.57 lakhs as on 31-03-2020.

## **6. SHARE CAPITAL**

The paid up share capital of the Company amounts to Rs. 266,438,010 /-, divided into **26,643,801** shares of Rs. 10 each fully paid up. There was allotment of shares to the tune of 1,280,900 shares through private placement.

## **7. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

There were no changes in Directors and Key Managerial Personnel of the Company during the year ended 31<sup>st</sup> March 2021.

## **8. MEETING OF BOARD OF DIRECTORS**

A total of 4 Board Meetings were held during the financial year ended 31st March 2021. The maximum gap between any two Board Meetings was less than 120 days. The names of members of the Board, their attendance at the Board Meetings are as under:

S. No.	Name	No. of Meetings attended/No. of Meetings Conducted
1.	Mr. S. Loganathan	4/4
2.	Mr. V C Nadarajan	4/4
3.	Mr. R. Sakthivel	3/4
4.	Mr. Selvanathan	3/4
5.	Mrs. Rani Kannan	4/4
6.	Mrs. R. Subbulakshmi	4/4
7.	Mr. C. Thiagarajan	4/4

## **9. EVALUATION OF THE BOARD:**

The Members of the Board are periodically reviewed by the Chairman and the Independent Director. The Appointment of new members to the Board is reviewed by the Nomination and Remuneration Committee.

## **10. MANAGERIAL REMUNERATION:**

Salaries and allowances paid during the period to the Managing Director amounted to Rs.8,64,000/- (Last year – Rs.9,38,307). The details are as follows:

Particulars	Current year (2020-21) Amount in INR	Last year (2019-20) Amount in INR
Basic Pay	462,000	6,14,194

Special Allowance	69,300	1,15,819
Conveyance	46,200	15,793
Medical Reimbursement	92,400	11,250
House Rent Allowance	138,600	
Professional Allowance	43,500	
CCA	12,000	10,703
Fuel Expenses	-	19,948
Incentives	-	1,50,600
<b>Total</b>	<b>864,000</b>	<b>938,307</b>

The Remuneration made to Executive and Whole time Directors are as follows:

S.No.	Particulars	Current year (2020-21) Amount in INR	Last year (2019-20) Amount in INR
1.	Mr. R. Sakthivel	2,88,000	86,400 (for 3 and ½ months)
2.	Mrs. Rani Kannan	2,58,000	27,950 ( for 39 days)
3.	Mrs. R. Subbulakshmi	1,92,000	20,800 (for 39 days)
4.	Mr. C. Thiagarajan	2,64,000	28,600 ( for 39 days)

#### **11. DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES**

Nil

#### **12. STATUTORY AUDITORS**

The Auditors, M/s. Madhu Balan & Associates, Chartered Accountants, Firm Registration No. 011106S, have been appointed as Auditors in the 2020 Annual General Meeting for a period of five years.

#### **13. BOARD'S COMMENT ON AUDITOR'S REPORT**

The observations of the Statutory Auditors, when read together with the relevant notes to the accounts and accounting policies are self explanatory and does not call for any further comment.

#### **14. COMMITTEES OF THE BOARD:**

##### **AUDIT COMMITTEE**

The Company has constituted an Audit Committee. The Audit Committee considers the quarterly and annual financial statements and places its report to the Board of Directors periodically. 4 Meetings were conducted during the year and it was not reconstituted during the year.

The Members of the Audit Committee are as follows:

S. No.	Name	Designation
--------	------	-------------

1.	Mr. S. Loganathan	Director
2.	Mr. V C Nadarajan	Non-Executive, Independent
3.	Mr. R. Sakthivel	Whole Time Director

#### **RISK MANAGEMENT COMMITTEE**

The Company has constituted a Risk Management Committee (RMC) to assist the Board in fulfilling its responsibilities relating to risk management and compliance practices of the Company. 3 RMC meetings were conducted during the financial year and it was not reconstituted during the year.

The Risk Management Committee consists of the following members:

<b>S.No.</b>	<b>Name of Director</b>	<b>Designation</b>
1.	S. Loganathan	Director
2.	V C Nadarajan	Non-Executive, Independent
3.	C.Thiyagarajan	Whole Time Director
4.	R. Manoharan	Risk Management Officer

#### **NOMINATION & REMUNERATION COMMITTEE**

The Company has constituted a Nomination and Remuneration Committee (NRC) to assist the Board in fulfilling its responsibilities of Nominating Directors, fulfilling the fit and proper criteria. The necessary declarations and undertakings from the directors giving information on the directors have been obtained. 3 NRC meetings were conducted during the year and it was not reconstituted.

The Members of Nomination and Remuneration Committee are as follows:

<b>S.No.</b>	<b>Name of Director</b>	<b>Designation</b>
1.	S. Loganathan	Director
2.	V C Nadarajan	Non-Executive, Independent
3.	Mr. Selvanathan	Executive Director

#### **SHARE ALLOTMENT COMMITTEE**

Share allotment Committee has been constituted to issue shares certificates and Consolidated Share Certificates. The Share Allotment Committee consists of the following members:

<b>S.No.</b>	<b>Name of Director</b>	<b>Designation</b>
1.	S. Loganathan	Director

2.	V C Nadarajan	Non-Executive, Independent
3.	Mr. Selvanathan	Executive Director

## **15. INTERNAL FINANCIAL CONTROL**

The Company has in place adequate internal financial control with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was noticed.

## **16. RISK MANAGEMENT POLICY**

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have also been formulated and clearly spelled out in the said policy.

The Company is now lending to SHG members and individuals. While entertaining proposals from them, their credit history is obtained from Credit Information Bureaus and are evaluated in addition to the repayment capacity.

## **17. EXTRACT OF THE ANNUAL RETURN**

The extract of annual return as on the financial year ended March 31, 2021, as required under Section 92 of the Companies, in Form No. MGT-9 shall form part of Board's Report.

## **18. MATERIAL CHANGES AND COMMITMENTS**

The spread of COVID-19 pandemic and the lockdown announced by the state Government are the events which have affected the operations of the Company. The Company has resumed operations in most branches. Uncertainty in timely repayment is hindering full-fledged operations.

Other than the above mentioned situation affecting the Company, there is no material change and commitment that have occurred after the closure of the Financial Year 2020-21 till the date of this Report, which would affect the financial position of your Company.

## **19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS, COURTS AND TRIBUNALS**

- No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

## **20. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The provisions of the Companies Act 2013 are not applicable.

## **21. LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The particulars regarding Loans given are provided in the financial statements. The Company has outstanding Loans amounting to Rs.19.46 Crores. The Company has not made any investment, given guarantee and securities during the year under review.

## **22. DEPOSITS**

The Company has not accepted any deposits during the year under review.

## **23. RELATED PARTY TRANSACTIONS**

The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31st March, 2020 is attached in prescribed Form AOC-2 and forms part of this report.

## **24. FRAUD REPORTING:**

No frauds were reported during the reporting period.

## **25. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company.

## **26. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The company does not have any foreign exchange earnings and outgo for the year under review.

## **27. SAFE & CONDUCTIVE WORKPLACE**

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **28. GENERAL**

1. There was an Issue of Equity shares through Private Placement to the existing and willing shareholders.
2. The Company has no subsidiary and neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

## **29. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that:

1. In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a 'going concern' basis.
5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

### **30. ACKNOWLEDGEMENT**

The Directors would like to express their sincere appreciation for the assistance and co-operation received from the customers, employees, banks, Government authorities and members during the year under review.

**For and on behalf of the Board**

Date: 4.9.2021  
Place: T. Kallupatti



S.Loganathan  
Director  
Din: 00101039



R. Selvanathan  
Executive Director cum CFO  
Din: 08708749

## ANNEXURES TO BOARDS' REPORT

### 3.1 Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED 31.3.2021.

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### **I. REGISTRATION AND OTHER DETAILS:**

<b>i.</b>	CIN	U65923TN2003PLC050614
<b>ii.</b>	Registration Date	Originally incorporated on 1 <sup>st</sup> July 1996 with ROC New Delhi. Subsequently shifted Registered office to Chennai and again registered with ROC Chennai on 28-03-2003.
<b>iii.</b>	Name of the Company	Sarvodaya Nano Finance Limited
<b>iv.</b>	Category/Sub-Category of the Company	Public Limited
<b>v.</b>	Address of the Registered office and contact details	279, Avvai Shanmugam Salai, Royapettah, Chennai – 600014.
<b>vi.</b>	Whether listed company	No
<b>vii.</b>	Name, Address and Contact details of Registrar and Transfer Agent, If any	Not Applicable

#### **II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial Activities / Loans to Individuals	65923	100%
2			
3			

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
	-	-	-	-	-

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	-	6,600	6,600	0.03	100	6,500	6,600	0.02	-
b) Central Govt		-	-	-	-	-	-	-	-
c) State Govt(s)		-	-	-	-	-	-	-	-
d) Bodies Corp		-	-	-	-	-	-	-	-
e) Banks / FI		-	-	-	-	-	-	-	-
f) Any Other		-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	6,600	6,600	0.03	100	6,500	6,600	0.02	-
<b>2) Foreign</b>									
g) NRIs-Individuals		-	-	-	-	-	-	-	-
h) Other-Individuals		-	-	-	-	-	-	-	-
i) Bodies Corp.		-	-	-	-	-	-	-	-
j) Banks / FI		-	-	-	-	-	-	-	-
k) Any Other....		-	-	-	-	-	-	-	-
Sub-total(A)(2):-		-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds		-	-	-	-	-	-	-	-
b) Banks / FI		-	-	-	-	-	-	-	-
c) Central Govt		-	-	-	-	-	-	-	-



d) State Govt(s)		-	-	-	-	-	-	-	-
e) Venture Capital Funds		-	-	-	-	-	-	-	-
f) Insurance Companies		-	-	-	-	-	-	-	-
g) FIIs		-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds		-	-	-	-	-	-	-	-
i) Others (specify)		-	-	-	-	-	-	-	-
Sub-total(B)(1)		-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas		6,508,125	6,508,125	25.66	6,508,125	--	6,508,125	24.43	-
b) Individuals (i) Individual shareholders holding nominal share capital up to Rs.1 lakh  (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh		-	-	-	-	-	-	-	-
c) Others(Specify) Mutual Benefit Trusts/Trusts		18,848,176	18,848,176	74.31	20,129,076	-	20,129,076	75.55	-
Sub-total(B)(2)		25,356,301	25,356,301	99.97	26,637,201	-	26,637,201	99.98	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)		25,356,301	25,356,301	99.97	26,637,201		26,637,201	99.98	-
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)		25,362,901	2,53,62,901	100	26,643,801	-	26,643,801	100.00	-

### ii.Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	% change in share holding during the year

1.	Vijay Mahajan	6,300	0.03	-	6,300	0.02	-	-
2.	S. Loganathan	100	0.00	-	100	0.00	-	-
3.	Deep Joshi	100	0.00	-	100	0.00	-	-
4.	Bharti Gupta Ramola	100	0.00	-	100	0.00	-	-
	<b>Total</b>	<b>6,6000</b>	<b>0.03</b>	<b>-</b>	<b>6,600</b>	<b>0.03</b>	<b>-</b>	<b>-</b>

**iii. Change in Promoters' Shareholding (please specify, if there is no change: Nil**

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	6,600	0.03	6,600	0.02
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	6,600	0.03	6,600	0.02

**(iv. Shareholding Pattern of top ten Shareholders (other than**

**Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.		Shareholding at the beginning of the		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year				
	1. Sarva Jana Seva Kosh Ltd	6,240,125	23.42	0	0
	SMBT-VIRUDHUNAGAR	1,519,275	5.99	87,000	0.04
	SMBT-SANKARAPURAM	13,533,46	5.34	43,000	0.00
	SMBT-CHITHAMUR	997,502	3.93	35,800	0.00
	SMBT-RISHIVANDIYAM	815,309	3.21	21,500	0.00
	SMBT-VRIDDHACHALAM	671,600	2.65	17,800	0.00
	SMBT- PARANGIPETTAI	589,279	2.32	15,500	0.00
	SMBT- KALLAKURICHI	568,600	2.24	15,000	0.00
	SMBT- KARIYAPATTY	526,904	2.08	83,000	0.04
	SMBT-PENNADAM	521,275	2.06	13,800	0.00

Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No. of shares ALLOTTED during the year.			
SMBT- Achirapakkam	14,000			
SMBT- Alanganallur	10,000			
SMBT- Alangudi	2,000			
SMBT- Arani	11,000			
SMBT- Aruppukottai	2,000			
SMBT- Chetpet	6,800			
SMBT- Chinnasalem	36,000			
SMBT- Chithamur	35,800			
SMBT- Cuddalore	10,000			
SMBT- Gingee	25,000			
SMBT- Kachirapalayam	7,000			
SMBT- Kallakurichi	15,000			
SMBT- Kalligudi	75,000			
SMBT- Kancheepuram	24,000			
SMBT- Kariyapatti	83,000			
SMBT- Kattankulathur	4,000			
SMBT- Kilpennathur	5,000			
SMBT- Kiranoor	2,000			
SMBT- Kottampatti	3,000			
SMBT- Kurinjipadi	7,500			
SMBT- Madurantagam	20,000			
SMBT- Manapparai	2,000			
SMBT- Marakkanam	8,200			
SMBT- Melmalayanur	13,000			
SMBT- Melur	2,000			
SMBT- Narikudi	21,500			
SMBT- Natham	3,500			
SMBT- Nilakottai	7,000			
SMBT- Olakkur	4,200			
SMBT- Padappai	5,600			
SMBT- Parangipettai	15,500			
SMBT- Pennadam	13,800			
SMBT- Pernamallur	13,500			
SMBT- Pethanayakanpalayam	2,800			
SMBT- Poonamalli	20,500			
SMBT- Pudur	45,000			
SMBT- Rishivandiyam	21,500			
SMBT- Salavakkam	15,000			
SMBT- Sanarpatti	10,000			
SMBT- Sankarapuram	43,000			
SMBT- Sedapatti	16,500			
SMBT -Sivagangai	3,000			

	SMBT- Sriperumbudur	33,000			
	SMBT- Srivilliputhur	14,500			
	SMBT- T.Kallupatti	6,000			
	SMBT- T.Vadipatti	7,000			
	SMBT- Thalaivasal				
		2,800			
	SMBT- Thandrampet				
		10,000			
	SMBT- Thellar				
		16,000			
	SMBT- Thimiri				
		13,000			
	SMBT- Thiruchuli				
		15,800			
	SMBT- Thirukazhukundram				
		4,000			
	SMBT- Thirukovilur				
		14,300			
	SMBT- Thirumangalam				
		4,500			
	SMBT- Thirunavalur				
		38,000			
	SMBT- Thiruparankundram				
		30,000			
	SMBT- Thiruporur				
		16,000			
	SMBT- Thiruvallur				
		36,300			
	SMBT- Thiyagadurgam				
		13,000			
	SMBT- Tindivanam				
		10,300			
	SMBT- Uthiramerur				
		24,000			
	SMBT- Vanur				
		2,000			
	SMBT- Vembakkam				
		10,000			
	SMBT- Vikravandi				
		2,500			
	SMBT- Vilathikulam				
		29,200			
	SMBT- Viralimalai				
		40,000			
	SMBT- Virudhunagar				
		87,000			
	SMBT- Vriddhachalam				
		17,800			
	SMBT- Walajabad				
		18,000			
	SMBT- Watrap				
		23,500			
	SMBT-Vinobhagram.				
	Vadugapatti				
		57,200			

AT THE END OF THE YEAR Top 10 shareholders.					
SARVA JANA SEVA KOSH	6,240,125	23.42			
SMBT-VIRUDHUNAGAR	1,606,275	6.03			
SMBT-SANKARAPURAM	1,396,346	5.24			
SMBT-CHITHAMUR	1,033,302	3.88			
SMBT-RISHIVANDIYAM	836,809	3.93			
SMBT-VRIDDHACHALAM	689,400	3.21			
SMBT-KARIYAPATTY	609,904	2.65			
SMBT-PARANGIPETTAI	604,779	2.32			
SMBT-KALLAKURICHI	583,600	2.24			
SMBT-KALLIGUDI	555,560	2.08			
SMBT-PENNADAM	535,075	2.06			

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,42,49,903			16,42,49,903
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	16,92,346	-	-	16,92,346
		-	-	
Total (i+ii+iii)	16,59,42,249	-	-	16,59,42,249
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	12,59,42,249	-	-	12,59,42,249
	4,00,00,000	-	-	4,00,00,000
Net Change				
Indebtedness at the end of the financial year	4,00,00,000			4,00,00,000

i) Principal Amount	4,00,00,000	-	-	4,00,00,000
ii) Interest due but not paid				
iii) Interest accrued but not due		-	-	
Total (i+ii+iii)	4,00,00,000	-	-	4,00,00,000

### **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### **A. Remuneration to Managing Director Whole-time Directors and /or Manager**

Sl. No.	Particulars of Remuneration	Name of Whole time Director					Total Amount
1.		R. Selvanathan	R.Sakthivel	Rani Kannan	C.Thiyagarajan	R.Subbulakshmi	
2.	Gross salary	8,64,000	2,88,000	2,58,000	2,64,000	1,92,000	
	(a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	8,64,000	2,88,000	2,58,000	2,64,000	1,92,000	
	(b)Value of perquisites u/s 17(2)Income-tax Act, 1961	-	-	-	-	-	
	(c)Profits in lieu of salary under section 17(3)Income- tax Act,1961	-	-	-	-	-	
	Incentives					-	
3.	Gross Salary (Whole time Directors)	8,64,000	2,88,000	2,58,000	2,64,000	1,92,000	
4.	Stock Option	-	-	-	-	-	
5.	Sweat Equity	-	-	-	-	-	
6.	Commission - as% of profit - others, specify (Reimbursements)	-	-	-	-	-	
7.	Others, please specify (Sitting Fees)	-	-	-	-	-	
8.	<b>Total(A)</b>	<b>8,64,000</b>	<b>2,88,000</b>	<b>2,58,000</b>	<b>2,64,000</b>	<b>1,92,000</b>	
	Ceiling as per the Act	42,00,000	-	-		-	

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		S. Loganathan	V C Nadarajan			
	<u>Independent Directors</u>					
	•Fee for attending board committee meetings	8,000	8,000			16,000
	•Commission	-	-			-
	•Others, please specify	-	-			-
	Total(1)	8,000	8,000			16,000
	<u>Other Non-Executive Directors</u>					
	•Fee for attending board committee meetings	-	-			-
	•Commission	-	-			-
	•Others, please specify	-	-			-
	Total(2)	-	-			-
	Total(B)=(1+2)	16,000	16,000	-	-	16,000
	Total Managerial Remuneration	-	-			-
	Over all Ceiling as per the Act	-	-			-

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/ WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	3,40,000	8,64,000	12,04,000
			-	-	-
		-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit -others, specify...	-	-	-	-
5.	Others, please specify (Reimbursements/Incentives)	-	-	-	-
6.	<b>Total</b>	-	<b>3,40,000</b>	<b>8,64,000</b>	<b>12,04,000</b>

## VI. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty					
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officers In Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



S. Loganathan  
Director  
Din: 00101039



R. Selvanathan  
Executive Director cum CFO  
Din: 08708749



**FORM NO. AOC.2**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**  
*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil.
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship:
    1. Association for Sarva Seva Farms
    2. Sarva Jana Seva Kosh Ltd.
    3. Sarva Seva Gramodhyog Committee
  - (b) Nature of contracts/arrangements/transactions: Banking Transactions, Investments, Rent, Borrowings, reimbursement of expenses, payment and receipt of Provident fund and Gratuity fund.
  - (c) Duration of the contracts/arrangements/transactions: Annual
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - (e) Date(s) of approval by the Board, if any: 4<sup>th</sup> September, 2020
  - (f) Amount paid as advances, if any: Nil
  - (g) Date on which the Special Resolution was passed in General Meeting as required under first proviso to section 188. To be passed.

**RESOLVED THAT** pursuant to Section 188 (1) of the Companies Act, 2013 and rules made there under and the amendments thereto, all the transactions of the Company with Sarva Jana Seva Kosh Limited (SJSK), Association for Sarva Seva Farms (ASSEFA), Sarva Seva Gramodhyog Samithi (SSGS) and Mr. L. Kumar being a related party within the meaning of Section 2 (76) of the Companies Act 2013, including the banking transactions, investment, borrowing, reimbursement of expenses for carrying out activities, payment and receipt of provident fund and gratuity for the employees deputed and payment of rent and any other transactions during 2019-20 approved by the Audit Committee the details of which as set out in notes forming part of the financial statements and are hereby ratified

**RESOLVED FURTHER THAT** pursuant to Section 188 (1) of the Companies Act, 2013 and any other applicable provisions, including any re-enactment/ modification/ amendment thereof, the carrying out and/ or continuing with arrangements and transactions with SJSK, ASSEFA, SSGS and Mr. L. Kumar being a related party within the meaning of Section 2 (76) of the Companies Act 2013, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise including the banking transactions, investment, borrowing, reimbursement of expenses for carrying out activities, payment and receipt of provident fund and gratuity for the employees deputed and payment of rent and any other transactions or as may be agreed upon from time to time and any other transactions including those as may be disclosed in the notes forming part of the financial statement for the relevant period as approved by the Audit Committee and as per the list of transactions attached notwithstanding the fact that all these transactions during the financial year 2019-20 in aggregate may exceed threshold limit as per the Company's last audited financial statement under the relevant provisions be and are hereby approved.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Mr. Loganathan, Director of the Company is also the Executive Director of Association for Sarva Seva Farms (ASSEFA). Mr. L. Kumar, the son of Mr. Loganathan is the Managing Trustee of Sarva Seva Gramodhyog Samithi (SSGS) and Whole Time Director of SJSK. The Company has several transactions with the above parties. SJSK has invested in the equity of the Company and also has extended a line of credit of Rupees Twenty five crores. The Company has several employees of ASSEFA on deputation in its ranks and the Provident Fund and Gratuity deductions are remitted to ASSEFA. Besides, the Company has taken a few premises belonging to ASSEFA on rent for its offices. The details of approvals obtained in the last AGM and actual transactions with these entities and Mr. L. Kumar during 2019-20 are furnished below.

**(Amount in INR)**

	Approvals obtained – 2020-21	Actuals for 2020-21
<b>SJSK</b>		
- Investment receipt	15,000,000	-
- Loan receipt	150,000,000	-
- Loan repayment	150,000,000	124,000,000
- Interest and other charges payable/to be provided	40,000,000	17,183,464
- Other receipts for services	5,000,000	-
<b>ASSEFA</b>		
- Rent payment	900,000	675,000
- PF contribution payment	1,200,000	747,459
- Other payments for services	3,500,000	-
- Other receipts for services	3,500,000	2,60,000
<b>SSGS</b>		
- PF contribution receipt	50,000	-



S.Loganathan  
Director  
Din: 00101039



R. Selvanathan  
Executive Director cum CFO  
Din: 08708749



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARVODAYA NANO FINANCE LIMITED

### 1. Report on the Audit of financial statements

We have audited the accompanying financial statements of SARVODAYA NANO FINANCE LIMITED (the 'Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and loss, the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and its cash flows for the year ended on that date.

### 2. Basis of Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 3. Key audit matters

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

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### 4. Other Matters

The continuous spreading of COVID -19 across India has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI). As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management of the Company. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management of the Company that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.







# MADHU BALAN & ASSOCIATES.,

*Chartered Accountants*

## 5. Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 6. Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding of assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## 7. Auditor's responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also







# MADHU BALAN & ASSOCIATES.,

*Chartered Accountants*

for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 6. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.





# MADHU BALAN & ASSOCIATES.,

*Chartered Accountants*

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company
- h) With respect to the matter to be included in the Auditors' Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us

Date: Chennai  
Place: 25-08-2021  
UDIN: 21219184AAABGQ8172

For Madhu Balan & Associates,  
Chartered Accountants

  
(P. Arumugaraaj)  
Partner

Firm Reg. No.: 011106S | M. No.: 219184







# MADHU BALAN & ASSOCIATES.,

Chartered Accountants

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SARVODAYA NANO FINANCE LIMITED [THE 'COMPANY']

[Referred to in Paragraph 6 (1) of our report of even date]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
  - b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its business.
  - c) The Company does not have any immovable properties. Therefore, the paragraph 3(i)(c) of the order is not applicable to the Company.
- ii. The Company is a Non-Banking Financial Company ("NBFC") engaged in the business of providing loans and does not have any inventory. Therefore, the paragraph 3(ii) of the order is not applicable to the Company.
- iii. According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the paragraphs 3 (iii) (a), 3 (iii) (b) and 3(iii) (c) of the Order are not applicable to the company.
- iv. According to the information and explanations given to us, in respect of loans, investments, guarantees and security the provision of Sec 185 and Sec 186 are complied with.
- v. Based on our audit and representation from management, we state that during this financial year, the Company did not accept any deposits and hence the company did not make any contravention of the directives issued by the Reserve Bank of India and the provisions of Companies Act, 2013 and the rules framed there under.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act, in respect of the services rendered by the company. Accordingly, the provisions of clause 3 (vi) of the Order are not applicable.
- vii. In respect of its Statutory dues: According to the information and explanations given to us and on the basis of our examination of the records of the Company
  - a) amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, GST, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. No undisputed statutory amount payable in respect of Provident Fund, investor education and protection fund, income tax, GST, wealth tax, excise duty, customs duty, cess and other material statutory dues were in arrears as at March 31, 2021, for a period of more than six months from the date they become payable.
  - b) According to the records of the Company, the dues of income-tax on account of dispute is as follows:

Name of the Statute	Nature of dues	Amount Rupees	in	Period to which the amount relates(Financial	Forum where the dispute is pending.
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# MADHU BALAN & ASSOCIATES.,

Chartered Accountants

			Year)	
Income Tax Act, 1961	Income Tax	56,54,902/-	2016-17	Commissioner(Appeals)

- viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer and term loans were applied for the purposes for which those are raised.
- x. We have been informed that during the year covered by our audit, no fraud/Cash embezzlements of were noticed or reported by the company:
- xi. The managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. In our opinion and according to explanation given to us, the company is not a nidhi company. Accordingly para 3(Xii) not applicable as required by applicable accounting standards.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 wherever applicable and details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to information and explanations given to us and based on examination of records there is a preferential allotment of 12,80,900 Equity shares of Rs.10 each at a premium of Rs.4 per shares fully paid during the year & the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- xv. According to information and explanations given to us the Company and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons and persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable to Company.
- xvi. The Company is registered as a Non-Banking Finance Company, under section 45I of the Reserve Bank of India Act, 1934 and is holding a valid Certificate of Registration bearing (No.:B-07.00756), dated 8th November, 2006.

Date: 25-08-2021  
Place: Chennai  
UDIN: 21219184AAABGQ8172



For Madhu Balan & Associates.,  
Chartered Accountants

  
(P. Arumugara)  
Partner

Firm Reg. No.: 011106S | M. No.: 219184





# MADHU BALAN & ASSOCIATES.,

*Chartered Accountants*

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF SARVODAYA NANO FINANCE LIMITED [THE 'COMPANY']

[Referred to in Paragraph 6 (2)(f) of our report of even date]

**Report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SARVODAYA NANO FINANCE LIMITED ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





# MADHU BALAN & ASSOCIATES.,

*Chartered Accountants*

## Meaning of Internal Financial Controls over Financial Reporting:

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting:

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

## Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 25.08.2021

Place: Chennai

UDIN: 21219184AAABGQ8172



For Madhu Balan & Associates.,  
Chartered Accountants

  
(P. Arumugara)  
Partner

Firm Reg. No.: 0111065 | M. No.: 219184



**SARVODAYA NANO FINANCE LIMITED**

CIN: U65923TN2003PLC050614

Address: No. 279, Arvai Shanmugam Salai, Royapettah, Chennai - 600 014,

Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880,

Email: info@sarvodayanano.in, www.sarvodayanano.in

(All amounts in ₹ unless otherwise stated)

BALANCE SHEET AS AT	Notes	31-Mar-21	31-Mar-20
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	26,64,38,010	25,36,29,010
Share Application Money		-	-
Reserves and surplus	4	9,60,31,724	10,13,47,311
		<u>36,24,69,734</u>	<u>35,49,76,321</u>
Non-current liabilities			
Long term borrowings	5	4,00,00,000	16,40,00,000
Deferred tax liabilities	6	-	-
Long term provisions	7	1,16,07,974	69,67,909
		<u>5,16,07,974</u>	<u>17,09,67,909</u>
Current liabilities			
Short-term borrowings	8	-	2,49,903
Other current liabilities	9	16,12,303	1,88,88,495
		<u>16,12,303</u>	<u>1,91,38,398</u>
		<u>41,56,90,011</u>	<u>54,50,82,628</u>
<b>II. ASSETS</b>			
Non-current assets			
Fixed assets	10		
Tangible assets		5,51,121	8,80,940
Deferred tax (net)	6	5,29,291	3,43,306
Other non-current assets	11	49,26,390	16,73,711
		<u>60,06,802</u>	<u>28,97,957</u>
Current assets			
Cash and cash equivalents	12	21,17,45,044	4,18,07,392
Loans - Unsecured	13	19,45,56,377	49,76,27,523
Short-term loans and advances	14	15,47,084	17,76,390
Other current assets	15	18,34,704	9,73,366
		<u>40,96,83,209</u>	<u>54,21,84,671</u>
		<u>41,56,90,011</u>	<u>54,50,82,628</u>
Summary of significant accounting policies	1-2		
Other disclosures	22-28		

The accompanying notes form an integral part of the financial statements



As per our report of even date  
for Madhu Balan & Associates  
Chartered Accountants

(P. Arumugaraaj)  
Partner

ICAI Firm No. 0112065 / M. No. 229184

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director cum CFO

Director

**SARVODAYA NANO FINANCE LIMITED**

CIN: U65923TN2003PLC050614

Address: No. 279, Avvai Shanmugam Salai, Royapettah, Chennai - 600 014.

Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880,

Email: info@sarvodayanano.in, www.sarvodayanano.in

*(All amounts in ₹ unless otherwise stated)*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR	Notes	31-Mar-21	31-Mar-20
<b>REVENUE</b>			
Revenue from operations	16	4,84,62,988	10,05,04,191
Other income	17	45,51,712	11,65,283
<b>Total Revenue</b>		<b>5,30,14,700</b>	<b>10,16,69,474</b>
<b>EXPENSES</b>			
Employee benefits expense	18	2,71,51,420	3,25,38,587
Finance costs	19	1,76,32,227	2,92,61,244
Other operating expenses	20	1,26,86,911	1,52,89,388
Provisions and write-offs	21	58,36,549	48,69,845
Depreciation	10	3,29,819	4,20,838
<b>Total expenses</b>		<b>6,36,36,926</b>	<b>8,23,79,902</b>
<b>Profit/(Loss) before tax</b>		<b>(1,06,22,226)</b>	<b>1,92,89,572</b>
<b>Tax expense:</b>			
Current tax			67,63,320
Deferred tax		(1,85,985)	(1,40,192)
<b>Profit/(Loss) for the year</b>		<b>(1,04,36,241)</b>	<b>1,26,66,444</b>
<b>Earning per equity share (EPS) - in ₹ (Refer note 22)</b>			
- Basic and Diluted		(0.40)	0.50
<b>Weighted average number of shares considered for</b>			
- Basic and Diluted		<b>2,60,57,745</b>	<b>2,53,62,901</b>
<b>Summary of significant accounting policies</b>	<b>1-2</b>		
<b>Other disclosures</b>	<b>22-28</b>		

The accompanying notes form an integral part of the financial statements



As per our report of even date  
for Madhu Balan & Associates  
Chartered Accountants

(P. Arumugam)  
Partner

ICAI Firm No. 0111065 (M. No.: 219184)

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director cum CFO

Director

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172



**SARVODAYA NANO FINANCE LIMITED**

CIN: U65923TN2003PLC050514

Address: No. 279, Avvai Shanmugam Salai, Royapettah, Chennai - 600 014.

Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880,

Email: info@sarvodayanano.in, www.sarvodayanano.in

(All amounts in ₹ unless otherwise stated)		
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	(1,06,22,226)	1,92,89,572
<i>Adjustment for Non-cash (income) / expenditure:</i>		
Depreciation	3,29,819	4,20,838
Bad debts & other write-offs	6,10,721	5,26,084
Provision for Standard, bad and doubtful advances	52,25,828	1,85,688
Provision for others, written back	-	-
Provision/payment of gratuity	(5,85,763)	4,76,199
Provision for Bonus, written back	-	-
Operating profit before changes in operating assets	(50,41,621)	2,08,99,381
<i>Adjustments for:</i>		
(Increase)/ decrease in other loans and advances	(2,78,032)	8,94,010
(Decrease)/increase in other liabilities	(1,75,26,095)	(22,87,211)
Net cash generated from operating activities before tax	(2,28,45,748)	1,95,06,180
<i>(Increase)/ decrease in Portfolio</i>		
Loans disbursed	(44,43,40,000)	(1,40,76,90,000)
Loans repaid	74,68,00,425	1,51,09,56,925
Net (increase)/decrease in loans	30,24,60,425	10,32,66,925
Less: Income tax	(36,06,679)	(63,34,462)
Net cash generated from operating activities after tax	27,60,07,998	11,64,38,643
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(5,25,952)
Net cash flow from investing activities	-	(5,25,952)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	1,79,29,654	-
Net proceeds from Secured loans	(12,40,00,000)	(7,85,00,000)
Dividend Payable	-	(1,01,45,160)
Net cash generated from financing activities	(10,60,70,346)	(8,86,45,160)
Net increase/(decrease) in cash and cash equivalents during the year	16,99,37,652	2,72,67,531
(A)+(B)-(C)	16,99,37,652	2,72,67,531
Cash and cash equivalents at the beginning of the year	4,18,07,392	1,45,39,861
Cash and cash equivalents at the end of the year (refer below)	21,17,45,044	4,18,07,392
<b>Components of cash and cash equivalents:</b>		
Cash and cash equivalents [Refer Note 12]	21,17,45,044	4,18,07,392
Cash and cash equivalents considered for cash flow	21,17,45,044	4,18,07,392
<b>Summary of significant accounting policies</b>		
<b>Other disclosures</b>		

The accompanying notes are an integral part of these financial statements

As per our report of even date  
for MADHU BALAN & ASSOCIATES.

Chartered Accountants

P. Arumugam

Partner

ICAI Firm No. 0112065 / M. No. 219186

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director

Cum CFO

Director

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172

# SARVODAYA NANO FINANCE LIMITED

CIN: U65923TN2003PLC050614

Address: No. 279, Avvai Shanmugam Salai, Royapettah, Chennai - 600 014.

Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880,

Email: info@sarvodayanano.in, www.sarvodayanano.in

## Summary of significant accounting policies and other explanatory information

### 1 SIGNIFICANT ACCOUNTING POLICIES: NOTES ON BUSINESS ACTIVITIES:

**1.1 SARVODAYA NANO FINANCE LIMITED ('the Company') is engaged primarily in micro finance activities directed to ultimate benefit of poorer sections of the society for enhancement of their livelihoods in a financially viable manner and provide financial support to these sections.**

**1.2 Registration as NBFC-MFI with Reserve Bank of India.**

Pursuant to a notification no. RBI/2011-12/290/DNBS.CC.PD.No. 250/03.10.01/2011-12, dated December 02, 2011, by the Reserve Bank of India(RBI), all the NBFCs engaged in "microfinance" as defined in the said notification, were required to be registered as a separate category called "NBFC-MFI" and to follow the directions, restriction on the business operations carried by the company, and certain governance and monitoring matters as stated therein. The company had applied for registration and categorization as per the said Notification and is yet to obtain certificate of registration. Presently, the company is complying with additional requirements of RBI as applicable to NBFC-MFI.

### 2 SIGNIFICANT ACCOUNTING POLICIES:

**2.1 Basis of preparation of financial statements:**

**2.1.1** The financial statements have been prepared under historical cost conventions and on accrual basis unless stated otherwise elsewhere, assuming the principle of going concern and complying with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, RBI Directions as applicable to NBFC-MFI.

**2.1.2** The Company also follows all the norms and directions relating to Non- performing assets, classification thereof, provisioning, de-recognition of income and write off, as applicable to Non banking Finance Companies-MFI, as per various applicable provisions of the Directions issued under section 45IA of the Reserve Bank of India Act, 1934.

**2.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.3 Revenue recognition**

**2.3.1** Interest income on loans, (including upfront interest), is recognized under the effective rate of interest method. Income on Non-performing assets is recognized on cash basis as per applicable Directions of Reserve Bank of India. Any interest already recognized but not received is de-recognized, when assets become Non Performing, upon default of loan/interest payment obligations.

**2.3.2** Amount received against written off loans is recognized on receipt basis.

**2.3.3** Interest income on deposits with banks is recognized on time proportion accrual basis taking into account the amount outstanding and rate applicable.

**2.3.4** All other types of income are recognized on accrual basis.

**2.4 Grants**

Grant received on capital account is capitalized as capital reserve whereas grant received on revenue account is treated as revenue in proportion to the corresponding expenditures incurred during the year. When capital grant is utilized for revenue expenditure, the matching portion of capital reserve is transferred to revenue in the same period.





## SARVODAYA NANO FINANCE LIMITED

CIN: U65923TN2003PLC050614

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### Summary of significant accounting policies and other explanatory information

#### 2.5 Loans and advances

##### 2.5.1 Classification and Provisioning:

Loans and advances extended by the company which are outstanding on balance sheet date are classified as standard assets and Non-performing assets in terms of the 'Non-Banking Financial Company - Micro Finance Institutions' (NBFC-MFIs) Directions dated December 2, 2011 and provisioning was made at the following rates as specified in those directions.

S.No	Classification of Assets	Rate of Provisions
1	Standard Assets	0.25% of Standard Loans
2	Non-Performing Assets (interest/ principal payment has remained overdue for a period of 90 days or more)	Higher of: a) 1% of the outstanding loan portfolio or b) 50% of the loan instalments which are overdue for 90 days & above and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

There has been significant impact on the operations / financial position of the Company on account of COVID-19 pandemic, including the current "Second wave". In accordance with the concessional package announced by RBI, the Company had granted a moratorium on the loan installments falling between March 1, 2020 and August 31st 2020.

#### 2.6 Write-off policy

Loans are written off when the management has exhausted all options for recovery of Principal and interest on the loans.

#### 2.7 Fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### 2.8 Intangible assets

All intangible assets are capitalized in accordance with Accounting standard "Intangible Assets" issued by the ICAI and is amortized based on the management's estimate of its useful life.

#### 2.9 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors as per AS 28. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 2.10 Depreciation

Depreciation is provided pro-rata on the Straight-line method at the following rates based on useful lives specified under Schedule II of the Companies Act, 2013:

Class of fixed assets	Useful life (years)	Residual value	Rate of depreciation
Furniture and fixtures	10	5%	9.50%
Computers	3	5%	31.67%
Office equipment	5	5%	19.00%
Plant and machinery	15	5%	6.33%
Vehicles	8	5%	11.88%



## SARVODAYA NANO FINANCE LIMITED

CIN: U65923TN2003PLC050614

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Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880,

Email: info@sarvodayanano.in, www.sarvodayanano.in

### Summary of significant accounting policies and other explanatory information

#### 2.11 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

#### 2.12 Foreign currency transactions

**2.12.1 Initial Recognition:** Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction

**2.12.2 Conversion:** Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

**2.12.3 Exchange Difference:** Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### 2.13 Retirement and other employee benefits

**2.13.1 Retirement benefits** in the form of monthly contribution to Provident Fund are charged to Profit and Loss Account of the year, when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trust.

**2.13.2 Gratuity** is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

#### 2.14 Segment information:

The company operates in a single reportable segment i.e. lending activity, which has similar risks and returns for the purpose of reporting under AS-17 'Segment Reporting' issued by ICAI. The Company does not have any reportable geographical segment.

#### 2.15 Earnings per share

Basic earnings per share are 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 2.16 Accounting for taxes on income

In accordance with the Accounting Standard-22, Accounting for taxes on Income, provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences that arise in one accounting year and are capable of reversal in subsequent accounting year. As a prudent policy, any deferred tax asset is not recognized.

#### 2.17 Closing cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand, and short-term investments with an original maturity of three months or less.

#### 2.18 Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.





**SARVODAYA NANO FINANCE LIMITED**

CIN: U65923TN2003PLC050614

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Email: info@sarvodayanano.in, www.sarvodayanano.in

(All amounts in ₹ unless otherwise stated)

BALANCE SHEET AS AT	Notes	31-Mar-21	31-Mar-20
<b>I. EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	3	26,64,38,010	25,36,29,010
Share Application Money		-	-
Reserves and surplus	4	9,60,31,724	10,13,47,311
		<u>36,24,69,734</u>	<u>35,49,76,321</u>
Non-current liabilities			
Long term borrowings	5	4,00,00,000	16,40,00,000
Deferred tax liabilities	6	-	-
Long term provisions	7	1,16,07,974	69,67,909
		<u>5,16,07,974</u>	<u>17,09,67,909</u>
Current liabilities			
Short-term borrowings	8	-	2,49,903
Other current liabilities	9	16,12,303	1,88,88,495
		<u>16,12,303</u>	<u>1,91,38,398</u>
		<u>41,56,90,011</u>	<u>54,50,82,628</u>
<b>II. ASSETS</b>			
Non-current assets			
Fixed assets	10		
Tangible assets		5,51,121	8,80,940
Deferred tax (net)	6	5,29,291	3,43,306
Other non-current assets	11	49,26,390	16,73,711
		<u>60,06,802</u>	<u>28,97,957</u>
Current assets			
Cash and cash equivalents	12	21,17,45,044	4,18,07,392
Loans - Unsecured	13	19,45,56,377	49,76,27,523
Short-term loans and advances	14	15,47,084	17,76,390
Other current assets	15	18,34,704	9,73,366
		<u>40,96,83,209</u>	<u>54,21,84,671</u>
		<u>41,56,90,011</u>	<u>54,50,82,628</u>
Summary of significant accounting policies	1-2		
Other disclosures	22-28		

The accompanying notes form an integral part of the financial statements



As per our report of even date  
for Madhu Balan & Associates  
Chartered Accountants

(P. Arumugaraaj)  
Partner

ICAI Firm No. 0112065 / M. No. 229184

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director cum CFO

Director

**SARVODAYA NANO FINANCE LIMITED**

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*(All amounts in ₹ unless otherwise stated)*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR	Notes	31-Mar-21	31-Mar-20
<b>REVENUE</b>			
Revenue from operations	16	4,84,62,988	10,05,04,191
Other income	17	45,51,712	11,65,283
<b>Total Revenue</b>		<b>5,30,14,700</b>	<b>10,16,69,474</b>
<b>EXPENSES</b>			
Employee benefits expense	18	2,71,51,420	3,25,38,587
Finance costs	19	1,76,32,227	2,92,61,244
Other operating expenses	20	1,26,86,911	1,52,89,388
Provisions and write-offs	21	58,36,549	48,69,845
Depreciation	10	3,29,819	4,20,838
<b>Total expenses</b>		<b>6,36,36,926</b>	<b>8,23,79,902</b>
<b>Profit/(Loss) before tax</b>		<b>(1,06,22,226)</b>	<b>1,92,89,572</b>
<b>Tax expense:</b>			
Current tax			67,63,320
Deferred tax		(1,85,985)	(1,40,192)
<b>Profit/(Loss) for the year</b>		<b>(1,04,36,241)</b>	<b>1,26,66,444</b>
<b>Earning per equity share (EPS) - in ₹ (Refer note 22)</b>			
- Basic and Diluted		(0.40)	0.50
<b>Weighted average number of shares considered for</b>			
- Basic and Diluted		<b>2,60,57,745</b>	<b>2,53,62,901</b>
<b>Summary of significant accounting policies</b>	<b>1-2</b>		
<b>Other disclosures</b>	<b>22-28</b>		

The accompanying notes form an integral part of the financial statements



As per our report of even date  
for Madhu Balan & Associates  
Chartered Accountants

(P. Arumugam)  
Partner

ICAI Firm No. 0111065 (M. No.: 219184)

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director cum CFO

Director

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172



**SARVODAYA NANO FINANCE LIMITED**

CIN: U65923TN2003PLC050514

Address: No. 279, Avvai Shanmugam Salai, Royapettah, Chennai - 600 014.

Ph: 044-2813 0537/6529 2218, Telefax: 044-2813 1880.

Email: info@sarvodayanano.in, www.sarvodayanano.in

(All amounts in ₹ unless otherwise stated)		
<b>CASH FLOW STATEMENT FOR THE YEAR ENDED</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	(1,06,22,226)	1,92,89,572
<i>Adjustment for Non-cash (income) / expenditure:</i>		
Depreciation	3,29,819	4,20,838
Bad debts & other write-offs	6,10,721	5,26,084
Provision for Standard, bad and doubtful advances	52,25,828	1,85,688
Provision for others, written back	-	-
Provision/payment of gratuity	(5,85,763)	4,76,199
Provision for Bonus, written back	-	-
Operating profit before changes in operating assets	(50,41,621)	2,08,99,381
<i>Adjustments for:</i>		
(Increase)/ decrease in other loans and advances	(2,78,032)	8,94,010
(Decrease)/increase in other liabilities	(1,75,26,095)	(22,87,211)
Net cash generated from operating activities before tax	(2,28,45,748)	1,95,06,180
(Increase)/ decrease in Portfolio		
Loans disbursed	(44,43,40,000)	(1,40,76,90,000)
Loans repaid	74,68,00,425	1,51,09,56,925
Net (increase)/decrease in loans	30,24,60,425	10,32,66,925
Less: Income tax	(36,06,679)	(63,34,462)
Net cash generated from operating activities after tax	27,60,07,998	11,64,38,643
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(5,25,952)
Net cash flow from investing activities	-	(5,25,952)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	1,79,29,654	-
Net proceeds from Secured loans	(12,40,00,000)	(7,85,00,000)
Dividend Payable	-	(1,01,45,160)
Net cash generated from financing activities	(10,60,70,346)	(8,86,45,160)
Net increase/(decrease) in cash and cash equivalents during the year	16,99,37,652	2,72,67,531
(A)+(B)-(C)		
Cash and cash equivalents at the beginning of the year	4,18,07,392	1,45,39,861
Cash and cash equivalents at the end of the year (refer below)	21,17,45,044	4,18,07,392
<b>Components of cash and cash equivalents:</b>		
Cash and cash equivalents [Refer Note 12]	21,17,45,044	4,18,07,392
Cash and cash equivalents considered for cash flow	21,17,45,044	4,18,07,392
<b>Summary of significant accounting policies</b>		
<b>Other disclosures</b>		

The accompanying notes are an integral part of these financial statements

As per our report of even date  
for MADHU BALAN & ASSOCIATES.

Chartered Accountants

P. Arumugam

Partner

ICAI Firm No. 0112065 / M. No. 219186

For and on behalf of the Board of Directors of  
SARVODAYA NANO FINANCE LIMITED

Executive Director

Cum CFO

Director

Place: Chennai

Date: 25.08.2021

UDIN: 21219184AAABGQ8172

# SARVODAYA NANO FINANCE LIMITED

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## Summary of significant accounting policies and other explanatory information

### 1 SIGNIFICANT ACCOUNTING POLICIES: NOTES ON BUSINESS ACTIVITIES:

**1.1 SARVODAYA NANO FINANCE LIMITED ('the Company')** is engaged primarily in micro finance activities directed to ultimate benefit of poorer sections of the society for enhancement of their livelihoods in a financially viable manner and provide financial support to these sections.

**1.2 Registration as NBFC-MFI with Reserve Bank of India.**

Pursuant to a notification no. RBI/2011-12/290/DNBS.CC.PD.No. 250/03.10.01/2011-12, dated December 02, 2011, by the Reserve Bank of India(RBI), all the NBFCs engaged in "microfinance" as defined in the said notification, were required to be registered as a separate category called "NBFC-MFI" and to follow the directions, restriction on the business operations carried by the company, and certain governance and monitoring matters as stated therein. The company had applied for registration and categorization as per the said Notification and is yet to obtain certificate of registration. Presently, the company is complying with additional requirements of RBI as applicable to NBFC-MFI.

### 2 SIGNIFICANT ACCOUNTING POLICIES:

**2.1 Basis of preparation of financial statements:**

**2.1.1** The financial statements have been prepared under historical cost conventions and on accrual basis unless stated otherwise elsewhere, assuming the principle of going concern and complying with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, RBI Directions as applicable to NBFC-MFI.

**2.1.2** The Company also follows all the norms and directions relating to Non- performing assets, classification thereof, provisioning, de-recognition of income and write off, as applicable to Non banking Finance Companies-MFI, as per various applicable provisions of the Directions issued under section 45IA of the Reserve Bank of India Act, 1934.

**2.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.3 Revenue recognition**

**2.3.1** Interest income on loans, (including upfront interest), is recognized under the effective rate of interest method. Income on Non-performing assets is recognized on cash basis as per applicable Directions of Reserve Bank of India. Any interest already recognized but not received is de-recognized, when assets become Non Performing, upon default of loan/interest payment obligations.

**2.3.2** Amount received against written off loans is recognized on receipt basis.

**2.3.3** Interest income on deposits with banks is recognized on time proportion accrual basis taking into account the amount outstanding and rate applicable.

**2.3.4** All other types of income are recognized on accrual basis.

**2.4 Grants**

Grant received on capital account is capitalized as capital reserve whereas grant received on revenue account is treated as revenue in proportion to the corresponding expenditures incurred during the year. When capital grant is utilized for revenue expenditure, the matching portion of capital reserve is transferred to revenue in the same period.





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### Summary of significant accounting policies and other explanatory information

#### 2.5 Loans and advances

##### 2.5.1 Classification and Provisioning:

Loans and advances extended by the company which are outstanding on balance sheet date are classified as standard assets and Non-performing assets in terms of the 'Non-Banking Financial Company - Micro Finance Institutions' (NBFC-MFIs) Directions dated December 2, 2011 and provisioning was made at the following rates as specified in those directions.

S.No	Classification of Assets	Rate of Provisions
1	Standard Assets	0.25% of Standard Loans
2	Non-Performing Assets (interest/ principal payment has remained overdue for a period of 90 days or more)	Higher of: a) 1% of the outstanding loan portfolio or b) 50% of the loan instalments which are overdue for 90 days & above and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

There has been significant impact on the operations / financial position of the Company on account of COVID-19 pandemic, including the current "Second wave". In accordance with the concessional package announced by RBI, the Company had granted a moratorium on the loan instalments falling between March 1, 2020 and August 31st 2020.

#### 2.6 Write-off policy

Loans are written off when the management has exhausted all options for recovery of Principal and interest on the loans.

#### 2.7 Fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### 2.8 Intangible assets

All intangible assets are capitalized in accordance with Accounting standard "Intangible Assets" issued by the ICAI and is amortized based on the management's estimate of its useful life.

#### 2.9 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors as per AS 28. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 2.10 Depreciation

Depreciation is provided pro-rata on the Straight-line method at the following rates based on useful lives specified under Schedule II of the Companies Act, 2013:

Class of fixed assets	Useful life (years)	Residual value	Rate of depreciation
Furniture and fixtures	10	5%	9.50%
Computers	3	5%	31.67%
Office equipment	5	5%	19.00%
Plant and machinery	15	5%	6.33%
Vehicles	8	5%	11.88%



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### Summary of significant accounting policies and other explanatory information

#### 2.11 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

#### 2.12 Foreign currency transactions

**2.12.1 Initial Recognition:** Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction

**2.12.2 Conversion:** Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

**2.12.3 Exchange Difference:** Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### 2.13 Retirement and other employee benefits

**2.13.1 Retirement benefits** in the form of monthly contribution to Provident Fund are charged to Profit and Loss Account of the year, when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trust.

**2.13.2 Gratuity** is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

#### 2.14 Segment information:

The company operates in a single reportable segment i.e. lending activity, which has similar risks and returns for the purpose of reporting under AS-17 'Segment Reporting' issued by ICAI. The Company does not have any reportable geographical segment.

#### 2.15 Earnings per share

Basic earnings per share are 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 2.16 Accounting for taxes on income

In accordance with the Accounting Standard-22, Accounting for taxes on Income, provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for all timing differences that arise in one accounting year and are capable of reversal in subsequent accounting year. As a prudent policy, any deferred tax asset is not recognized.

#### 2.17 Closing cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand, and short-term investments with an original maturity of three months or less.

#### 2.18 Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation cannot be made.

