

**ANNUAL REPORT OF
SARVODAYA NANO FINANCE
LIMITED
(SNFL)
2019 - 2020**

A. BACKGROUND OF THE COMPANY:

I. ASSEFA:

Association for Sarva Seva Farms (ASSEFA) is the parent organization of Sarvodaya Nano Finance Limited. ASSEFA is an organization that works based on Gandhian principles. Amongst its multifarious development activities in the rural sector, it initiated activity groups to drive home the importance of credit for Development. The Activity groups functioned by building savings and the savings pool was used as revolving fund to meet the credit needs of its members in 1980's. Since, women had reservation to work with Men in groups, women Self-Help Groups (SHG) was initiated separately from late 1980s.

II SMBT:

In order to sustain the functioning of SHGs, ASSEFA promoted Sarvodaya Mutual Benefit Trusts (SMBT) with the SHGs as members of the Trusts. Each SHG was required to pay a onetime non-refundable contribution of Rs.1,000 to become the SMBT members.

III. SNFL:

In order to accelerate livelihood generation activities in the groups, external credit became a necessity. Necessity gave formation to Sarvodaya Nano Finance Limited (SNFL). SNFL is an NBFC set up exclusively to cater to the credit needs of the women SHGs promoted by ASSEFA through their federations called Sarvodaya Mutual Benefit Trusts (SMBTs). SMBTs are independent, profit making and taxpaying entities. The design was to have an intermediary mechanism that would pool the resources of individual SHGs and then transfer these resources to SNFL as equity.

III.A. Principles/ Philosophy

SNFL follows the following principles:

- i. Credit services to neglected and marginalized sections of the society
- ii. Increasing profit through responsible commercial operations, thereby supporting the shareholder i.e. 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.

III.B. Vision

The Vision of Sarvodaya Nano Finance Limited is to become a symbol of a fair, client – friendly, accessible, transparent sustainable and pragmatic institution.

III.C. Mission/ Objectives

The mission of Sarvodaya Nano Finance Limited is to facilitate easy and timely access to credit and other financial services for the rural population especially poor women and rural artisans.

III. D. Equity of SNFL:

- The excess funds and income generated by SMBTs was invested as share capital in SNFL.

- SMBTs own around 74% of the Paid up equity capital of SNFL, rest mostly by ASSEFA promoted institutions.
- Using this share capital, SNFL raised external loans from mainstream financial institutions for on-lending to groups via MBTs.
- No dividends have been given to shareholders till date.
- No Single Natural Person can claim the Equity Capital of SNFL as his own, as it is all SMBT generated income apart from the non-refundable initial contribution received from each SHG.
- The Settlor of SMBTs, being the natural person who promoted the SMBTs by contributing a sum of Rs. 1000 for each SMBT is the Executive Chairman representing ASSEFA (promoter of SMBTs). He is only a Custodian for the Money and cannot claim any benefits from the income generated through SMBTs.
- The Company has retained its identity as a Community based and owned organization in letter and spirit.

III. E. Business Model/ Methodology:

1. SNFL lends to individuals directly, since 2012.
2. The Company has a Management Collection Agreement (MCA) with each SMBT for identification of borrower, KYC verification, processing of loans, its disbursement and collection.
3. Currently there are 87 branches of SNFL functioning through the SMBTs. SMBT premises are used by SNFL as its branch office and rent is paid to SMBT.
4. Interest earned is shared between SNFL and SMBT in the Ratio of 2:3 for Weekly loans and 1:2 on Monthly loans. No other incidental charges are paid by SNFL to SMBT.
5. In the case of weekly loans the Company deducts interest upfront; the new Board has decided to collect the Interest post facto from FY2020 - 21.
6. The staff cost as well the operating expenses of SMBTs are borne by themselves.
7. SNFL collects an interest rate of 23% to 25.10%, as per RBI norms.
8. Loan processing fee of 1% with applicable GST is collected from the clients.

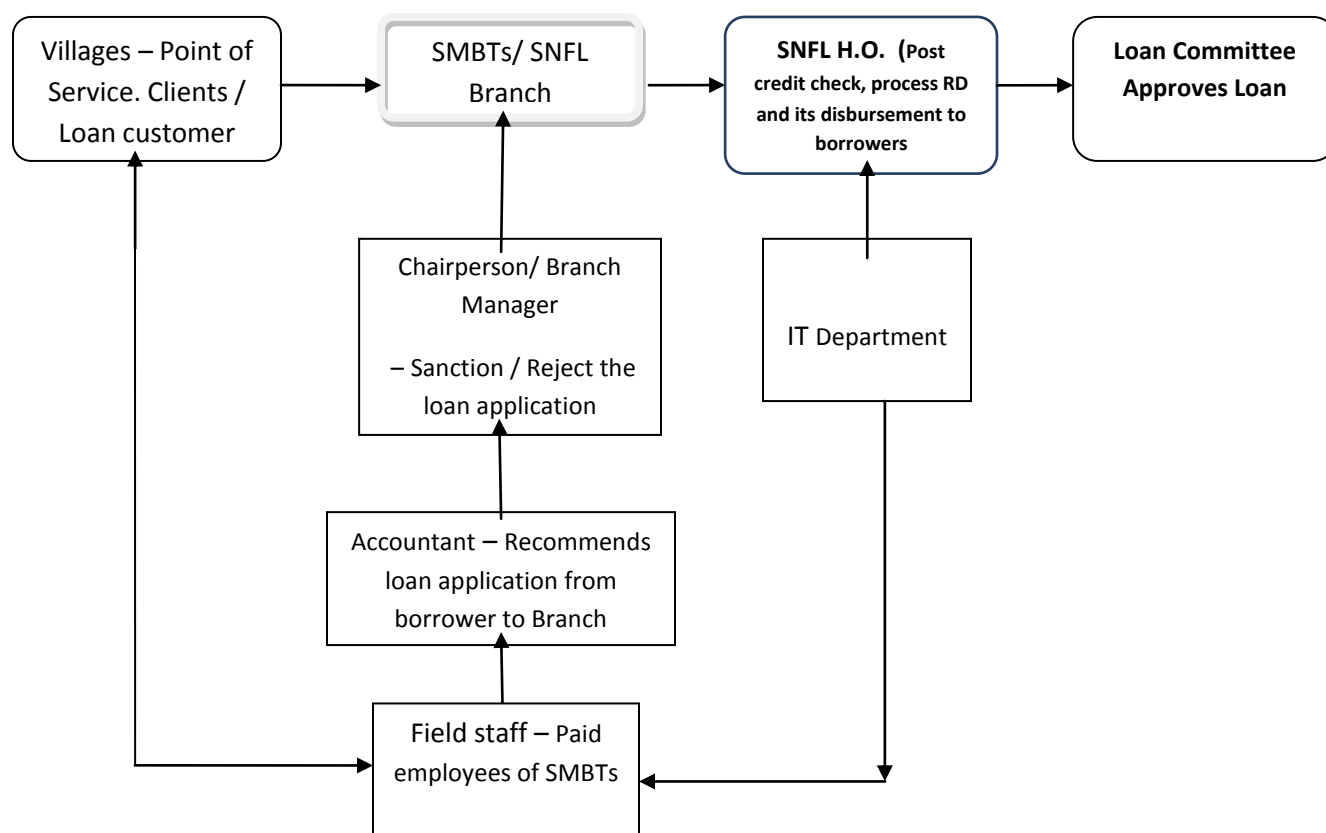
III. F. Operations of SNFL:

- No's of Districts : 16
- No's of Blocks : 92
- No's of MBTs : 87
- Registered members : 300,000 (nearly)
- Share capital : Rs. 260 millions
- Annual disbursement : Rs. 2,250 millions

IV. Future Plans:

At SNFL credit has always been recognized as an important tool for development. SNFL has strong base at the grass root levels, having facilitated easy credit to the rural women folk since its inception. This seems the right time for SNFL to move on to the next level namely, the Small Finance Bank. We plan to do the same by making use of our manpower, clientele and enhancing our capacity, to meet the ambitious financial inclusion strategy as chalked out by RBI and the Government and supplement their efforts to move to a less cash society and be a one stop shop for all financial services esp. to rural women; at all our branches.

V. OPERATIONS



GLOSSARY:

- 1. ASSEFA – Association for Sarva SEva FArms**, ASSEFA is a Non Governmental Organisation, founded as a Society in 1968, to work with the beneficiaries of Bhoodan lands. It focused on soil and water conservation, agriculture and livestock development in the individual farms of Bhoodan land recipients. Later, village level development programmes were carried out by village adoption by extending the focus on health, education and village infrastructure.
- 2. SHG – Self Help Groups**. The SHGs promoted by ASEEFA supported the women from low income households to access credit facilities at affordable interest rates. The early SHGs were promoted in active collaboration with the Tamil Nadu Women's Development Corporation set up by the TN government, supported by the International Fund for Agriculture and Development (IFAD).
- 3. SMBT – Sarvodaya Mutual Benefit Trusts**. In order to sustain the functioning of SHGs, ASSEFA promoted Sarvodaya Mutual Benefit Trusts (SMBT) with the SHGs as members of the Trusts. Meanwhile, with the government projects changing their course, the subsidized credit facilities started fading away. This was the time; SNFL was formed. Each SHG was required to pay a onetime non-refundable contribution of Rs.1,000 to become the SMBT members.

BOARDS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 17th Annual Report on the business operations of the Company and accounts for the Financial Year ended 31st March 2020.

1. Financial Highlights

The Company has recorded the following financial performance, for the year ended March 31, 2020:
(INR in Lakhs)

PARTICULARS	YEAR ENDED	
	31.03.2020	31.03.2019
Income from operations for the year	1,005.04	1,047.64
Other Income	11.65	9.37
Total Income	1,016.69	1,057.02
Profit before Financial Expenses, Preliminary expenses, Depreciation and Taxation	489.72	562.23
Less: Financial expenses	292.61	305.23
Operating profit before Preliminary expenses, Depreciation & Taxation	197.11	257.00
Less: Depreciation, Preliminary expenses written off	4.20	4.16
Profit before Taxation	192.90	252.84
Less: Current tax	67.63	72.33
Deferred tax	(1.40)	(0.99)
Profit after Taxation	122.66	181.50
Add: Balance brought forward	-	-
Profit available for appropriation	122.66	181.50

2. STATE OF COMPANY'S AFFAIRS

- During the year, the net revenue from operations of your Company decreased from Rs. 252.84 Lakhs to Rs. 192.90 Lakhs.
- The Company's profit after tax stood at Rs. 122.66 Lakhs vis-à-vis Rs. 181.50 crore in the previous year.

3. CHANGE IN NATURE OF BUSINESS IF ANY

NIL

4. DIVIDEND

The Board has recommended a dividend at the rate of 4% i.e., Re.0.40 per Equity Share for the year ended 31st March 2020.

5. RESERVES

The total reserves and surplus has increased to Rs. 1,114.92 lakhs as on 31-03-2020 from Rs.988.26 lakhs as on 31-03-2019.

6. SHARE CAPITAL

The paid up share capital of the Company amounts to Rs.25,36,29,010/-, divided into 2,53,62,901 shares of Rs. 10 each fully paid up. There has been no change in share capital.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following changes have been made to the Board of Directors of the Company during the year:

S. No.	Name	Designation	Appointment /Resignation	Date of Appointment or Resignation.
1.	Mr. V C Nadarajan	Independent Director (Additional)	Appointment	4.10.2020
2.	Mr. Himakiran Anugula	Independent Director	Resignation	21.11.2020
3.	Mr. L. Sridhar	Independent Director	Resignation	14.12.2020
4.	Mr. R. Sakthivel	Whole Time Director (Additional)	Appointment	14.12.2020
5.	Mr. S. Loganathan	Chairman	Change in Designation/ Appointment	14.12.2020
6.	Mrs. B. Raghini	Managing Director	Resignation	24.12.2020
7.	Mr. Selvanathan	Executive Director (Additional) cum CFO	Appointment	22.1.2020
8.	Mrs. Rani Kannan	Director (Additional)	Appointment	22.1.2020
9.	Mrs. R. Subbulakshmi	Director (Additional)	Appointment	22.1.2020
10.	Mr. C. Thiagarajan	Director (Additional)	Appointment	22.1.2020
11.	Ms. Annam Chidambaram	Company Secretary	Appointment	22.4.2019

8. MEETING OF BOARD OF DIRECTORS

A total of 5 Board Meetings were held during the financial year ended 31st March 2020. 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 held/No. of Meetings Conducted
1.	Mr. S. Loganathan	5/5
2.	Mr. V C Nadarajan	3/5
3.	Mr. Himakiran Anugula	1/5
4.	Mr. L. Sridhar	2/5
5.	Mrs. B. Raghini	4/5
6.	Mr. R. Sakthivel	2/5
7.	Mr. Selvanathan	1/5
8.	Mrs. Rani Kannan	1/5
9.	Mrs. R. Subbulakshmi	1/5
10.	Mr. C. Thiagarajan	1/5

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.9,38,307 (Last year –Rs.9,74,409). The details are as follows:

Particulars	Current year (2019-20) Amount in INR	Last year (2018-19) Amount in INR
Basic Pay	6,14,194	748,800
Special Allowance	1,15,819	133,200
Conveyance	15,793	21,600
Medical Reimbursement	11,250	15,000
Fuel Expenses	19,948	26,359
Medical Insurance and Personal Accident Insurance	-	14,450
Telephone Expenses	10,703	15,000

Incentives	1,50,600	
Total	9,38,307	974,409

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

S.No.	Particulars	Current year (2019-20) Amount in INR	Last year (2018-19) Amount in INR
1.	Mr. R. Sakthivel	86,400 (for 3 and ½ months)	-
2.	Mr. Selvanathan	93,600 (for 39 days)	-
3.	Mrs. Rani Kannan	27,950 (for 39 days)	-
4.	Mrs. R. Subbulakshmi	20,800 (for 39 days)	-
5.	Mr. C. Thiagarajan	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 2017 Annual General Meeting for a period of three years. The Directors recommended that M/s. Madhu Balan & Associates, Chartered Accountants, Firm Registration No. 011106S, be ratified as the Statutory Auditors of the Company at the forthcoming Annual General Meeting of the Company to hold office for a period of 5 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. 5 Meetings were conducted during the year and it was reconstituted after resignation of Independent Director, Mr. L. Sridhar.

The Members of the Audit Committee are as follows:

S. No.	Name	Designation
1.	Mr. S. Loganathan	Director
2.	Mr. V C Nadarajan	Additional Director (Non-Executive, Independent)

3.	Mr. R. Sakthivel	Whole Time Director (Additional)
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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 reconstituted once.

The Risk Management Committee consists of the following members:

S.No.	Name of Director	Designation
1.	S. Loganathan	Director
2.	V C Nadarajan	Additional Director (Non-Executive, Independent)
3.	C.Thiyagarajan	Additional 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 additional information on the directors have been obtained. 3 NRC meetings were conducted during the year and it was reconstituted, after resignation of MD Ms. B. Raghini.

The Members of Nomination and Remuneration Committee are as follows:

S.No.	Name of Director	Designation
1.	S. Loganathan	Director
2.	V C Nadarajan	Additional Director (Non-Executive, Independent)
3.	Mr. Selvanathan	Executive Director (Additional)

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:

S.No.	Name of Director	Designation
1.	S. Loganathan	Director

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

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, 2020, 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 subsequent pan-India lockdown announced by the Government of India 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 2019-20 till the date of this Report, which would affect the financial position of your Company.

- **MORATORIUM OF LOANS:** In accordance with the RBI Guidelines on the COVID-19 Regulatory Package announced on 27th March, 2020 and 17th April, 2020, the Company has granted a moratorium till 31st August on the payment of all installments and/ or interest, as applicable to all willing and eligible customers.

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.49.76 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:

The Company has detected fraud in two branch locations involving an amount of Rs.41,57,073 (including Rs.14,92,073 collected from the borrower towards principal and interest and retained by the Branch Manager himself without remitting to the Company. A case has been registered with DSP office at Thiruvannamalai and steps have been taken for recovering the balance amount.

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 & CONDUCIVE 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

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
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, 2020, 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, 2020 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

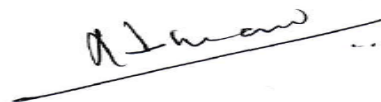
The Directors would like to express their sincere appreciation for the assistance and co-operation received from the customers, employees, banks, Government authorities and members during the year under review.

For and on behalf of the Board

Date: 2.9.2020
Place: T. Kallupatti



S.Loganathan
Director
Din: 00101039



R. Selvanathan
Executive Director cum CFO
Din: 08708749

ANNEXURES TO BOARDS' REPORT

Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.3.2019.

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65923TN2003PLC050614
ii.	Registration Date	Originally incorporated on 1 st July 1996 with ROC New Delhi. Subsequently shifted Registered office to Chennai and again registered with ROC Chennai on 28-03-2003.
iii.	Name of the Company	Sarvodaya Nano Finance Limited
iv.	Category/Sub-Category of the Company	Public Limited
v.	Address of the Registered office and contact details	279, Avvai Shanmugam Salai, Royapettah, Chennai – 600014.
vi.	Whether listed company	No
vii.	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	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
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	The Company				
	-	-	-	-	-

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	
A. Promoter									
(1) Indian									
a) Individual/ HUF	-	6,600	6,600	0.03	100	6,500	6,600	0.03	-
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	0.03	-
(2) Foreign									
g) NRIs- Individuals		-	-	-	-	-	-	-	-
h) Other- Individuals		-	-	-	-	-	-	-	-
i) Bodies Corp.		-	-	-	-	-	-	-	-
j) Banks / FI		-	-	-	-	-	-	-	-
k) Any Other....		-	-	-	-	-	-	-	-
Sub-total(A)(2):-		-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
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		-	-	-	-	-	-	-	-

) Others (specify)		-	-	-	-	-	-	-	-
Sub-total(B)(1)		-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp. (i) Indian (ii) Overseas		6,508,125	6,508,125	25.66	6,508,125	--	6,508,125	25.66	-
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		1,88,48,176	1,88,48,176	74.31	1,88,48,176	-	1,88,48,176	74.31	-
Sub-total(B)(2)		2,53,56,301	2,53,56,301	99.97	2,53,56,301	-	2,53,56,301	99.97	-
Total Public Shareholding B)=(B)(1)+ B)(2)		2,53,56,301	2,53,56,301	99.97	2,53,56,301		2,53,56,301	99.97	-
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)		2,53,62,901	2,53,62,901	100	2,53,62,901	-	2,53,62,901	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 / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Vijay Mahajan	6,300	0.03	-	6,300	0.03	-	-
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	-	-
	Total	6,600	0.03	-	6,60	0.03	-	-

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	0.03
	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	0.03

(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 year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				

	At the beginning of the year				
	1.Sarva Jana Seva Kosh Ltd				
	2.Sarvodaya Mutual Benefit Trust - Virudhunagar	62,40,125	24.60		
	3. Sarvodaya Mutual Benefit Trust –Sankarapuram	15,19,275	6.01		
	4. Sarvodaya Mutual Benefit Trust – Rishivandiyam	13,13,346	5.20		
	5. Sarvodaya Mutual Benefit Trust – Vriddhachalam	8,15,309	3.23		
	6. Sarvodaya Mutual Benefit Trust – Kallakurichi	6,71,600	2.66		
	7. Sarvodaya Mutual Benefit Trust – Pennadam	5,68,600	2.24		
	8. Sarvodaya Mutual Benefit Trust - Madurantagam	5,21,275	2.06		
	9. Sarvodaya Mutual Benefit Trust - Uthiramerur	4,99,225	1.98		
	10. Sarvodaya Mutual Benefit Trust – Vinobhagam,	4,92,460	1.95		
	Vadugapatti	4,42,925	1.75		

	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 transferred during the year.			
	Sarvodaya Mutual Benefit Trust - Chithamur	3,11,800		7,47,252	
	Sarvodaya Mutual Benefit Trust - Gingee	1,11,550		2,54,750	1.00%
	Sarvodaya Mutual Benefit Trust - Kalligudi	1,31,130		4,80,560	1.89%
	Sarvodaya Mutual Benefit Trust - Nilakottai	26,600		2,01,275	0.79%
	Sarvodaya Mutual Benefit Trust - Parangipettai	2,17,575		5,89,279	2.32%
	Sarvodaya Mutual Benefit Trust - Pernamallur	46,060		1,30,635	0.52%
	Sarvodaya Mutual Benefit Trust - Sankarapuram	40,000		13,53,346	5.34%
	Sarvodaya Mutual Benefit Trust - Salvakkam	2,28,000		4,52,525	1.78%
	Sarvodaya Mutual Benefit Trust - Sriperumpudur	1,12,880		2,01,405	0.79%
	Sarvodaya Mutual Benefit Trust - Thirumangalam	17,575		1,72,590	0.68%
	Sarvodaya Mutual Benefit Trust - Viralimalai	20,575		2,20,825	0.87%
	Sarvodaya Mutual Benefit Trust - Chithamur	2,50,250		9,97,502	3.93%
	Sarvodaya Mutual Benefit Trust - Kariapatti	3,17,400		5,26,904	2.08%

AT THE END OF THE YEAR					
Top 10 shareholders.					
1	Sarva Jana Seva Kosh Limited	6,240,125	24.60%		
2	Sarvodaya Mutual Benefit Trust – Virudhunagar	1,519,275	5.99%		
3	Sarvodaya Mutual Benefit Trust - Sankarapuram	1,353,346	5.34%		
4	Sarvodaya Mutual Benefit Trust - Chithamur	997,502	3.93%		
5	Sarvodaya Mutual Benefit Trust - Rishivandiyam	815,309	3.21%		
6	Sarvodaya Mutual Benefit Trust – Vriddhachalam	671,600	2.65%		
7	Sarvodaya Mutual Benefit Trust - Parangipettai	589,279	2.32%		
8	Sarvodaya Mutual Benefit Trust - Kallakurichi	568,600	2.24%		
9	Sarvodaya Mutual Benefit Trust - Kariyapatti	526,904	2.08%		
10	Sarvodaya Mutual Benefit Trust - Pennadam	521,275	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				
ii) Interest due but not paid	25,24,26,761	-	-	25,24,26,761
iii) Interest accrued but not	-	-	-	
Total (i+ii+iii)	25,24,26,761	-	-	25,24,26,761
Change in Indebtedness during the financial year				
- Addition	4,18,03,142	-	-	4,18,03,142
- Reduction	12,99,80,000	-	-	12,99,80,000

Net Change	88,176,858			88,176,858
Indebtedness at the end 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 due		-	-	
Total (i+ii+iii)	16,42,49,903	-	-	16,42,49,903

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 MD-B.Raghini				Total Amount
1.	Gross salary (for 9 months)	7,45,806	-	-	-	7,45,806
	(a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961	6,14,194	-	-	-	6,14,194
	(b)Value of perquisites u/s 17(2)Income-tax Act, 1961	1,31,612				1,31,612
	(c)Profits in lieu of salary under section 17(3)Income- tax Act,1961		-		-	
	Incentives	1,50,600	-	-	-	1,50,600
2.	Gross Salary (Whole time Directors)	8,96,406	-	-	-	8,96,406
3.	Stock Option	-	-	-	-	-
4.	Sweat Equity	-	-	-	-	-
5.	Commission - as% of profit - others, specify (Reimbursements)	41,901	-	-	-	41,901
6.	Others, please specify (Sitting Fees)	4,000	-	-	-	4,000
7.	Total(A)	9,42,307	-	-	-	9,42,307
	Ceiling as per the Act	42,00,000	-	-	-	42,00,000

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
---------	-----------------------------	-------------------	--------------

		S. Loganathar	V C Nadarajan	L. Sridhar	Himakiran Anugula	
	<u>Independent Directors</u>					
	•Fee for attending board committee meetings	10,000	6,000	4,000	2,000	22,000
	•Commission	-	-	-	-	-
	•Others, please specify	-	-	-	-	-
	Total(1)	10,000	6,000	4,000	2,000	22,000
	<u>Other Non-Executive Directors</u>					
	•Fee for attending board committee meetings	-	-	-	-	-
	•Commission	-	-	-	-	-
	•Others, please specify	-	-	-	-	-
	Total(2)	-	-	-	-	-
	Total(B)=(1+2)	10,000	6,000	4,000	2,000	22,000
	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	-	3,30,000	8,64,000	11,94,000
	(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	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit -others, specify...	-	-	-	-
5.	Others, please specify (Reimbursements/Incentives)	-	10,000	1,28,000	1,38,000
6.	Total	-	3,40,000	9,92,000	13,32,000

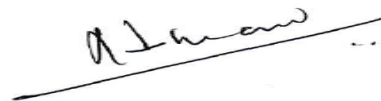
VI. PENALTIES/PUNISHMENT/COMPOUNDINGOFFENCES:

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)
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A. Company					
Penalty					
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
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: 4th 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)

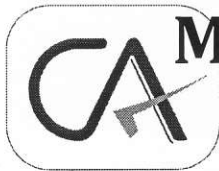
	Approvals obtained in AGM - 2019-20	Actuals for 2019-20
SJSK		
- Investment receipt	15,000,000	-
- Loan receipt	150,000,000	2,500,000
- Loan repayment	150,000,000	81,000,000
- Interest and other charges payable/to be provided	40,000,000	28,026,556
- Other receipts for services	5,000,000	-
ASSEFA		
- Rent payment	900,000	560,000
- PF contribution payment	1,200,000	885,732
- Other payments for services	3,500,000	-
- Other receipts for services	3,500,000	347,000
SSGS		
- PF contribution receipt	50,000	-
Mr. L. Kumar		
- Rent paid	57,600	-
- Telephone Bill Paid	7,200	-



S. Loganathan
Director
Din: 00101039



R. Selvanathan
Executive Director cum CFO
Din: 08708749



MADHU BALAN & ASSOCIATES.,

Chartered Accountants

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

1. Opinion

We have audited the accompanying financial statements of **SARVODAYA NANO FINANCE LIMITED** (the 'Company'), which comprise the Balance Sheet as at March 31, 2020, 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 standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements given the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and its cash flows for the year ended on that date.

2. Basis of Opinion

We conducted our audit of the standalone 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 Standalone 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 standalone 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 standalone 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 are not applicable to the Company as it is an unlisted company.

4. Emphasis of matter

The extent of Impact of COVID-19 pandemic will impact the Company's Financial performance including the Company's estimates of impairment of loans, are dependent on future developments, which cannot be predicted with any degree of certainty.

Our opinion is not modified in respect of the above matters

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 Annexure to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





MADHU BALAN & ASSOCIATES.,

Chartered Accountants

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 standalone 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 standalone 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 standalone 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 responsible 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.





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Chartered Accountants

- 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 standalone 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

8. Report on Other Legal and Regulatory Requirements

I. 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.

II. 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 standalone 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of 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.
 - 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





MADHU BALAN & ASSOCIATES.,

Chartered Accountants

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: 04-09-2020

Place: Chennai



For Madhu Balan & Associates,
Chartered Accountants,

(P. Arumugaraj)
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 8 (I) of our report of even date]

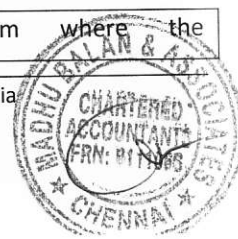
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report 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, 2020, 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	Nature of dues	Amount	in	Period to which the	Forum	where the
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#14B/S1, 2nd Floor, Dwaraka Apartments, 4th Main Road, Chorempt, Chennai – 600 044, India

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MADHU BALAN & ASSOCIATES.,

Chartered Accountants

Statute		Rupees	amount relates(Financial Year)	dispute is pending
Income Tax Act, 1961	Income Tax	56,54,902/-	2016-17	Commissioner(Appeals)

During the year, the Company has paid 20% of demand under protest which is amounting to Rs.11,31,000/- .

- 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, two frauds/Cash embezzlements of Rs.41,57,073 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 no preferential allotment or private placement of shares or fully or partially or convertible debentures during the year.
- 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: 04-09-2020

Place: Chennai



For Madhu Balan & Associates.,
Chartered Accountants

(P. Arumugraj)
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 8 (II)(f) of our report of even date]

Report on the Internal Financial Controls under Clause (I) 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 2020 in conjunction with our audit of the standalone 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 2020, 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: 04 -09-2020

Place: Chennai



For Madhu Balan & Associates.,
Chartered Accountants

(P. Arumugaraj)
Partner

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

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.org.in, www.sarvodayanano.org.in

(All amounts in ₹ unless otherwise stated)

BALANCE SHEET AS AT	Notes	31-Mar-20	31-Mar-19
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,36,29,010	25,36,29,010
Share Application Money		-	-
Reserves and surplus	4	11,14,92,471	9,88,26,027
		<u>36,51,21,481</u>	<u>35,24,55,037</u>
Non-current liabilities			
Long term borrowings	5	16,40,00,000	24,25,00,000
Deferred tax liabilities	6	-	-
Long term provisions	7	69,67,909	63,05,022
		<u>17,09,67,909</u>	<u>24,88,05,022</u>
Current liabilities			
Short-term borrowings	8	2,49,903	99,26,761
Other current liabilities	9	87,43,335	1,14,98,848
		<u>89,93,238</u>	<u>2,14,25,609</u>
		54,50,82,628	62,26,85,668
II. ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		8,80,940	7,75,826
Deferred tax (net)	6	3,43,306	2,03,114
Other non-current assets	11	16,73,711	24,28,164
		<u>28,97,957</u>	<u>34,07,104</u>
Current assets			
Cash and cash equivalents	12	4,18,07,392	1,45,39,861
Loans - Unsecured	13	49,76,27,523	60,14,20,532
Short-term loans and advances	14	17,76,390	16,16,763
Other current assets	15	9,73,366	17,01,408
		<u>54,21,84,671</u>	<u>61,92,78,564</u>
		54,50,82,628	62,26,85,668

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. 0111065 | M. No.: 219184

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

Director

Director

Director Cum Chief Financial Officer

Place: Chennai

Date: 04-09-2020

SARVODAYA NANO FINANCE LIMITED

CIN: U65923TN2003PLC050614

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

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(All amounts in ₹ unless otherwise stated)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR

	Notes	31-Mar-20	31-Mar-19
REVENUE			
Revenue from operations	16	10,05,04,191	10,47,64,413
Other income	17	11,65,283	9,37,927
Total Revenue		10,16,69,474	10,57,02,340
EXPENSES			
Employee benefits expense	18	3,25,38,587	2,86,28,999
Finance costs	19	2,92,61,244	3,05,22,737
Other operating expenses	20	1,52,89,388	1,62,06,678
Provisions and write-offs	21	48,69,845	46,44,004
Depreciation	10	4,20,838	4,16,254
Total expenses		8,23,79,902	8,04,18,672
Profit/(Loss) before tax		1,92,89,572	2,52,83,668
Tax expense:			
Current tax		67,63,320	72,33,308
Deferred tax		(1,40,192)	(99,856)
Profit/(Loss) for the year		1,26,66,444	1,81,50,216
Earning per equity share (EPS) - in ₹ (Refer note 22)			
- Basic and Diluted		0.50	0.72
Weighted average number of shares considered for			
- Basic and Diluted		2,53,62,901	2,53,62,901
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.Arumugaraj)
Partner

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

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

Director

Director

Director cum Chief Financial Officer

Place: Chennai

Date: 04-09-2020

SARVODAYA NANO FINANCE LIMITED

CIN: U65923TN2003PLC050614

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(All amounts in ₹ unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-20	31-Mar-19
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	1,92,89,572	2,52,83,668
Adjustment for Non- cash (income) / expenditure:		
Depreciation	4,20,838	4,16,254
Bad debts & other write-offs	5,26,084	38,75,740
Provision for Standard, bad and doubtful advances	1,86,688	7,68,264
Provision for others, written back	-	(50,000)
Provision/payment of gratuity	4,76,199	2,55,817
Provision for Bonus, written back	-	-
Operating profit before changes in operating assets	2,08,99,381	3,05,49,743
Adjustments for:		
(Increase)/ decrease in other loans and advances	8,94,010	(15,70,198)
(Decrease)/increase in other liabilities	(1,24,32,371)	(13,51,769)
Net cash generated from operating activities before tax	93,61,020	2,76,27,776
(Increase)/ decrease in Portfolio		
Loans disbursed	(1,40,76,90,000)	(1,72,42,65,000)
Loans repaid	1,51,09,56,925	1,64,35,62,877
Net (increase)/decrease in loans	10,32,66,925	(8,07,02,123)
Less: Income tax	(63,34,462)	(59,93,954)
Net cash generated from operating activities after tax	10,62,93,483	(5,90,68,301)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,25,952)	(2,34,610)
Net cash flow from investing activities	(5,25,952)	(2,34,610)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	-	12,51,000
Net proceeds from Secured loans	(7,85,00,000)	3,00,00,000
Net cash generated from financing activities	(7,85,00,000)	3,12,51,000
Net increase/(decrease) in cash and cash equivalents during the year (A)+(B)+(C)	2,72,67,531	(2,80,51,911)
Cash and cash equivalents at the beginning of the year	1,45,39,861	4,25,91,772
Cash and cash equivalents at the end of the year [refer below]	4,18,07,392	1,45,39,861
Components of cash and cash equivalents:		
Cash and cash equivalents [Refer Note 12]	4,18,07,392	1,45,39,861
Cash and cash equivalents considered for cash flow	4,18,07,392	1,45,39,861

Summary of significant accounting policies**Other disclosures**

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. Arumugaraj
Partner

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

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

Director

Director

Place: Chennai
Date: 04-09-2020

Director cum Chief Financial Officer