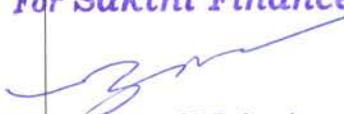
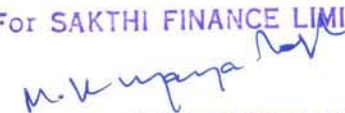




**SAKTHI FINANCE**  
AN EDIFICE BUILT ON TRUST

**FORM A**

**Format of covering letter of the annual report to be filed with the Stock Exchanges**

1	Name of the Company	Sakthi Finance Limited
2	Annual Financial Statements for the year ended	31st March 2014
3	Type of observation	Unqualified
4	Frequency of observation	Not applicable
5	To be signed by :	
	1. CEO / Managing Director	<p style="text-align: right;"><i>For Sakthi Finance Limited</i></p>  <p style="text-align: right;"><b>M. Balasubramaniam</b> Vice Chairman and Managing Director</p>
	2. Chief Financial Officer	<p style="text-align: right;"><i>For SAKTHI FINANCE LIMITED</i></p>  <p style="text-align: right;"><b>M. K. VIJAYARAGHAVAN</b> Sr. President Finance &amp; Corp. Services</p>
	3. Auditor of the Company	<p style="text-align: right;"><i>For P.N. Raghavendra Rao &amp; Co.</i> Chartered Accountants</p>  <p style="text-align: right;"><b>P.R. Vitte</b> Partner Membership No.: 200/18111</p>
	4. Audit Committee Chairman	<p style="text-align: right;"><i>For SAKTHI FINANCE LIMITED</i></p>  <p style="text-align: right;"><b>DIRECTOR</b></p>

# SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

## SAKTHI FINANCE LIMITED

(CIN : L65910TZ1955PLC000145)

Registered Office: 62, Dr Nanjappa Road, Coimbatore - 641 018

Phone: 0422-2231471-74, 4236200 Fax: 0422-2231915

E-mail: sakthif\_info@sakthifinance.com Website: www.sakthifinance.com

## NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty Seventh Annual General Meeting of the members of the Company will be held on Saturday, 27th September 2014 at 3.30 p.m at Smt. Padmavathi Ammal Cultural Centre, 1548, Avanashi Road, Peelamedu, Coimbatore - 641 004 to transact the following business.

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

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2014 including audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors.
2. To confirm the Interim Dividend of Rs 10 per share declared by the Board of Directors on Preference Shares.
3. To declare a dividend of Rs 1 per share on Equity Shares.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made under the Act and pursuant to the recommendations of the Audit Committee of the Board, the Company do hereby appoint the retiring Auditors of the Company as Statutory Auditors for a further period as under:

- a. M/s P N Raghavendra Rao & Co., Chartered Accountants, (Firm Regn.No.003328S) shall hold office for a period of three years from the conclusion of this Annual General Meeting till the conclusion of 60th Annual General Meeting.
- b. The appointment of Auditors as above shall be subject to the ratification by the members at every Annual General Meeting in accordance with the first proviso to Section 139(1) of the Companies Act 2013 or as may be amended or clarified by the Government from time to time.
- c. The Board of Directors be and is hereby authorised to fix their remuneration on the recommendation of Audit Committee each year.

### SPECIAL BUSINESS

#### 5. APPOINTMENT OF SRI A SHANMUGASUNDARAM AS AN INDEPENDENT DIRECTOR

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Sri. A Shanmugasundaram (DIN : 00001434), Director of the Company who retires by rotation at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013, signifying his intention to propose Sri. A Shanmugasundaram as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 27th September 2014 and is not liable to retire by rotation.

## **6. APPOINTMENT OF SRI S RAGOTHAMAN AS AN INDEPENDENT DIRECTOR**

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Sri.S.Ragothaman (DIN:00042395), Director of the Company who retires by rotation at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013, signifying his intention to propose Sri.S.Ragothaman as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 27th September 2014 and is not liable to retire by rotation.

## **7. APPOINTMENT OF DR A SELVAKUMAR AS AN INDEPENDENT DIRECTOR**

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr.A Selvakumar (DIN:01099806), Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013 signifying his intention to propose Dr.A Selvakumar as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 27th September 2014 and is not liable to retire by rotation.

## **8. APPOINTMENT OF SRI P S GOPALAKRISHNAN AS AN INDEPENDENT DIRECTOR**

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Sri. P S Gopalakrishnan (DIN:00001446) Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act 2013 signifying his intention to propose Sri. P S Gopalakrishnan as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 27th September 2014 and is not liable to retire by rotation.

## **9. PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES AND / OR OTHER DEBT SECURITIES**

To consider and, if thought fit, to pass with or without modification, the following Resolutions as Special Resolutions:

RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules 2014, as may be amended from time to time and subject to such other Regulations / Guidelines, the approval of the members be and is hereby accorded for accepting subscriptions for Secured, Redeemable, Non-Convertible Debentures ("SRNCDs"), subordinated bonds and / or other debt securities on private placement basis, in one or more tranches, during the period of one year from the date of passing of the Special Resolution by the members, within the overall borrowing limits of the Company, as approved by the Members.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient, including determining the terms and conditions of the SRNCDs, Subordinated bonds and other debt securities, to give effect to the above Resolution.

## 10. ISSUE OF REDEEMABLE CUMULATIVE PREFERENCE SHARES

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

RESOLVED THAT pursuant to Section 55 of the Companies Act 2013 read with Companies (Share Capital and Debentures) Rules 2014, Section 42 read with Companies (Prospectus and Allotment of Securities) Rules 2014 and all other applicable provisions of the Companies Act 2013, approval of the members be and is hereby accorded to the Board of Directors to issue and allot 20,00,000 10% Redeemable Cumulative Preference Shares of Rs.100 each for an aggregate amount not exceeding Rs.20 Crores on private placement basis to person(s) identified by the Company in their absolute discretion whether or not such person(s) are members of the Company, on such terms and conditions of redemption as the Board of Directors may in their absolute discretion determine and subject to the following rights:

- a. The Preference Shares shall rank for dividend and in repayment of capital in priority to the equity shares for the time being of the Company.
- b. The said shares shall, in winding up, be entitled to rank as regards repayment of capital and arrears of dividend, whether declared or not, up to the date of commencement of the winding up in priority to the equity shares, but shall not be entitled to any further participation in the profits or assets.
- c. The said shares shall carry a fixed cumulative preference dividend to be determined by the Board of Directors at the time of issue of preference shares on the capital for the time being paid-up thereon.
- d. The said shares will not be converted into equity shares.
- e. The voting rights of the persons holding the said shares shall be in accordance with Section 47(2) of the Companies Act 2013.
- f. The said shares shall be redeemable not later than the date determined by the Board of Directors at the time of issue or such other date as may be determined by the Board of Directors but not later than a period exceeding twenty years.

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

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

### NOTES

1. The Explanatory Statement as required under Section 102 of the Companies Act 2013 setting out the material facts in respect of Special Business under Item Nos.5 to 10 is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is attached. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. As required under Clause 49(IV)(G) of the Listing Agreement, the relevant details of directors seeking appointment /re-appointment under Item Nos.5 to 8 are annexed. The Directors have furnished the requisite declarations for their appointment/re-appointment.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m up to the date of the Annual General Meeting.

5. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, 24th September 2014 to Saturday, 27th September 2014, both days inclusive.
6. The dividend, if declared at the Annual General Meeting, will be paid after 27th September 2014 to those persons or their mandatees:
  - a. whose names appear as Beneficial Owners as at the end of the business hours on Tuesday, 23rd September 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - b. whose names appear as Members in the Registrar of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before Tuesday, 23rd September 2014.
7. a. As per Section 205A of the Companies Act 1956, all unclaimed dividends up to the financial year ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for the said years are requested to forward their claims to Registrar of Companies, Stock Exchange Building, Second Floor, 683 - 686, Trichy Road, Singanallur, Coimbatore - 641 005 in the prescribed Form No.II under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978.
- b. As per Section 205A(5) of the Companies Act 1956, the Company has transferred all unclaimed dividends for the financial years ended 31st March 1995 to 1997 and for the year ended 31st March 2007 which remained unclaimed for a period of seven years to the Investor Education and Protection Fund.

Members are informed that no claims shall lie against the fund or the company in respect of individual amounts which were unclaimed or unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of each such claim.

- c. The following unclaimed dividends will be transferred to the Investor Education and Protection Fund (IEPF) as detailed below:

Financial year	Tentative Month and year for Transfer to IEPF
2010 - 11 Dividend on Equity Shares	3rd November 2018
2011 - 12 Dividend on Equity Shares	2nd November 2019
2012 - 13 Dividend on Equity Shares	1st November 2020

Members who have not encashed their dividend warrants for the above years are requested to claim the warrants before the above transfers.

The details of unclaimed dividends for the financial years 2010-11 to 2012-13 are available on the company's website at **[www.sakthifinance.com](http://www.sakthifinance.com)**.

8. Shareholders are requested to provide Bank Account details such as name of Account Holder, Account Number, IFS Code and name of bank and branch to facilitate electronic transfer of dividend amount. The details may please be provided well in time in the form given in the Annual Report which will be sent separately to the members of the company.
9. Members holding shares in electronic form are informed that Bank particulars registered against their respective depository account will be used by the company for payment of dividend. The Company or its Registrars can not act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

11. Members holding shares:
  - a. in physical form are requested to:
    - i. intimate to the Company's Registrar and Transfer Agents, SKDC Consultants Limited, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, changes, if any, in their registered address at an early date.
    - ii. consolidate their holdings into a single folio in case they hold shares under multiple folios in the identical order of name.
  - b. in electronic form are requested to intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date.
12. Members are requested to quote their Folio Number / Client ID / DP ID in all their correspondences.
13. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of it. For members who have not registered their e-mail ID, physical copies of the Annual Report for the year 2014 is being sent in the permitted mode.
14. Electronic copy of the Notice of the 57th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail ID, physical copies of the Notice of the 57th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
15. Members may also note that the Notice of the 57th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.sakthifinance.com](http://www.sakthifinance.com) for their download. The physical copies of the documents will also be available at the Company's Registered Office in Coimbatore for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for it, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor e-mail id: [svenkatesh\\_shares@sakthifinance.com](mailto:svenkatesh_shares@sakthifinance.com).

### **Voting through electronic means**

In compliance with provisions of Clause 35B of the Listing Agreement read with Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide members facility to exercise their right to vote at the 57th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

- a. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- b. Click on "Shareholders" tab
- c. Now enter your User ID:
  - (i) For CDSL : 16 digits beneficiary ID
  - (ii) For NSDL : 8 character DP ID followed by 8 Digits Client ID
  - (iii) Members holding shares in Physical Form should enter Folio Number registered with the Company (6 Digit Alpha Numeric)
  - (iv) Next enter the image verification code as displayed and click on login.
- d. If you are holding shares in electronic form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of the Company, then your existing password is to be used.
- e. For shareholders holding shares in physical form and first time users holding shares in electronic form, the steps given below are to be followed:

PAN	<p>Enter your 10 digit alpha numeric PAN issued by Income tax Department (applicable for both demat shareholders as well as physical shareholders)</p> <ol style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the Demat Account Number/ Folio Number in the PAN field.</li> <li>In case the folio number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.</li> </ol> <p>E.g. If your name is Ramesh Kumar with Folio Number R12345, then enter RA00R12345 in the PAN field</p>
DOB	Enter the Date of Birth as recorded in your demat account in dd/mm/yyyy format
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio</p> <ol style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the number of shares held by you as on the cut-off date in the Dividend Bank Details field.</li> </ol>

- After entering these details appropriately, click on "SUBMIT" tab.
- For Members holding shares in physical form, the login details can be used only for e-voting on the resolution contained in this Notice. On logging in, members holding shares in physical form will be directed to the Company selection screen.
- Members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the electronic holders for voting on resolutions of other companies, as well, on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Click on EVSN for Sakthi Finance Limited.
- On the voting page, you will see Resolution Description and against it the option "YES / NO" for voting. Select the option Yes or No, as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "Resolutions File" Link if you wish to view the entire Notice.
- After selecting the Resolution you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- You can also take a print of the voting done by you.
- If an electronic account holder has forgotten the set password, then he has a "Forgot Password" option to reset the password.
- Note for Institutional Shareholders:
  - Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details, they have to create a Compliance user id using the admin login and password. The Compliance user id would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify it.
- q. In case of any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) e-voting user manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other instructions:**

- a. The e-voting period commences on 21st September 2014 (9:00 am) and ends on 23rd September 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. The voting rights of the members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on the cut-off date, 22nd August 2014.
- c. Mr. K. Murali Mohan FCA, Chartered Accountant (Membership No. 14328) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman / Vice Chairman and Managing Director of the Company.
- e. In terms of Clause 35B of the Listing Agreement, those members who do not have access to e-voting facility may return the duly completed Ballot Form (in lieu of e-voting) in the enclosed self-addressed Business Reply Envelope so as to reach the Scrutinizer not later than 23rd September 2014.

Members have the option to request for a physical copy of the Ballot Form by sending an e-mail to [svenkatesh@sakthifinance.com](mailto:svenkatesh@sakthifinance.com) by mentioning their Folio No./ DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutiniser not later than 23rd September 2014. Ballot Forms received after this date will be treated as invalid.

A Member can opt only for one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both these mode, then voting done through e-voting shall prevail and vote cast through Ballot shall be treated as invalid.

- f. The Results declared along with Scrutinizer's Report shall be placed on the Company's website [www.sakthifinance.com](http://www.sakthifinance.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) within two days of the passing of the Resolutions at the 57th AGM of the Company on 27th September 2014 and communicated to BSE Limited and Madras Stock Exchange Limited, where the equity shares of the Company are listed.

By Order of the Board

**S Venkatesh**

Company Secretary

9th August 2014

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**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013**

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.5 to 10 of the accompanying Notice dated 9th August 2014.

**Item Nos.5 to 8**

In accordance with the relevant provisions of the Articles of Association of the Company, applicable provisions of the Companies Act 1956 and the Clause 49 of the Listing Agreement, Sri A Shanmugasundaram, Sri S Ragothaman, Dr A Selvakumar and Sri P S Gopalakrishnan were appointed as Directors of the Company by the members.

The provisions of Section 149, 150 and 152 the Companies Act 2013 read with Schedule IV and Rules to the Act with respect to the appointment and tenure of Independent Directors have become operational



from 1st April 2014. The Listing Agreement is also amended for the composition of the Board with effect from 1st October 2014. In compliance of Companies Act 2013 and amended Listing Agreement, based on the recommendations of Nomination and Remuneration Committee, the Board of Directors have proposed to appoint Sri A Shanmugasundaram, Sri S Ragothaman, Dr A Selvakumar and Sri P S Gopalakrishnan as Independent Directors for a term of five (5) consecutive years, commencing from 27th September 2014.

A detailed profile of the proposed Independent Directors is given in the Annexure to the Notice of the Annual General Meeting.

Notices have been received from Members proposing the candidature of the above Directors for the office of Independent Directors of the Company. Requisite amount of Rs. 1,00,000 per candidate has also been received.

In the opinion of the Board, Sri A Shanmugasundaram, Sri S Ragothaman, Dr A Selvakumar and Sri P S Gopalakrishnan fulfill the conditions specified in the Companies Act 2013 and the Rules made under the Act for appointment as Independent Directors and are independent of the management. All the proposed Independent Directors have given a declaration to the Board that they meet the criteria for independence as provided in Section 149(6) of the Companies Act 2013.

The Board of Directors consider that the Independent Directors' continued association would be of immense benefit to the Company and it is desirable to continue to avail of their services to the Company.

A copy of the draft letter of appointment of Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day and will also be available on the website of the Company [www.sakthifinance.com](http://www.sakthifinance.com).

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, is concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions relating to the appointment of Independent Directors as set out at Item Nos.5 to 8 for the approval of members.

#### **Item No.9**

As per the provisions of Section 42 read with the Companies (Prospectus and Allotment of Securities) Rules 2014, a company accepting subscriptions for Secured, Redeemable, Non Convertible Debentures ("SRNCDS") on a private placement basis, is required to obtain the approval of the members by way of a Special Resolution, which can be obtained once a year for all the subscriptions and invitations for such SRNCDS during the year.

SRNCDS, sub-ordinated bonds and other debt securities, issued on private placement basis constitute significant source of borrowings for the Company. The borrowings of the Company presently aggregate approximately to Rs.715.10 crores, of which SRNCDS, Sub-ordinated bonds and other debt securities, aggregate approximately to Rs.518.85 crores.

The approval of the Members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014, to enable the Company to accept subscriptions for SRNCDS, sub-ordinated bonds and other debt securities on private placement basis, in one or more tranches, during the period of one year from the date of passing of the Special Resolution by the members, within the overall borrowing limits of the Company, as approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price of the SRNCDS, sub-ordinated bonds and other debt securities.

The Board of Directors recommend the Resolution at Item No.9 of the accompanying Notice, for the approval of the Members of the Company by way of Special Resolution.

None of the Directors or Key Managerial Persons of the Company or their relatives, is concerned or interested, financially or otherwise, in the passing of the Special Resolution set out at Item No.9, except to the extent of SRNCDS, sub-ordinated bonds and other debt securities that may be subscribed to by them, their relatives or companies/firms in which they are interested.

**Item No.10**

To increase the net worth, to strengthen the Capital Adequacy Ratio of the Company, to redeem the existing preference share capital and to fund the growing operations of the Company, the company intends to issue, in one or more tranches, 20,00,000 10% Redeemable Cumulative Preference Shares of Rs.100 each for an amount not exceeding Rs.20 Crores on private placement basis to such person(s) identified by the Company in their absolute discretion whether or not such persons are members of the Company on such terms and conditions as may be decided by the Board of Directors at their discretion. The terms and conditions of the preference shares shall be subject to the provisions of the Companies Act 2013 and related rules under the Act and the Memorandum and Articles of Association of the Company.

The complete material facts concerned with and relevant to the above issue of Preference Shares are as follows:

A	Size of the issue and the number of preference shares to be issued and the nominal value of each share	The Company proposes to issue and allot 20,00,000 (Twenty Lakhs) Redeemable Cumulative Preference Shares of the face value of Rs 100 each for cash at par aggregating to a nominal amount not exceeding Rs 20 crores to various persons/entities whether or not they are members of the Company												
B	Nature of such shares .i.e cumulative or non-cumulative, participating or non-participating, convertible or non-convertible	Cumulative, Non-participating and Non-convertible												
C	Objectives of the issue	To increase the net worth, to strengthen the capital adequacy ratio, to redeem the existing preference share capital and to fund the growing operations of the company												
D	Manner of issue of shares	Private placement												
E	Price at which such shares are proposed to be issued	At par												
F	Basis on which the price has been arrived at	None												
G	Terms of issue, including terms and rate of dividend on each share etc	As mentioned in the resolution at Item No.10												
H	Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	Tenure of redemption would be based on the cash flows of the Company for its business requirements and would be decided by the Board of Directors but in no case shall exceed a period of 20 years from the date of issue												
I	Manner and modes of redemption	Out of profits and /or out of fresh issue of capital												
J	Current shareholding pattern of the Company	Equity shareholding pattern as on 30th June 2014*: <table border="1" data-bbox="646 1324 1232 1499"> <thead> <tr> <th>Category</th> <th>No of Shares</th> <th>% to equity Capital</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td>3,21,15,000</td> <td>64.23</td> </tr> <tr> <td>Public</td> <td>1,78,85,000</td> <td>35.77</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,00,00,000</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>* Detailed shareholding pattern is available on the website of the Company i.e. <a href="http://www.sakthifinance.com">www.sakthifinance.com</a> and also available on the website of BSE Ltd i.e. <a href="http://www.bseindia.com">www.bseindia.com</a></p>	Category	No of Shares	% to equity Capital	Promoter	3,21,15,000	64.23	Public	1,78,85,000	35.77	<b>Total</b>	<b>5,00,00,000</b>	<b>100.00</b>
Category	No of Shares	% to equity Capital												
Promoter	3,21,15,000	64.23												
Public	1,78,85,000	35.77												
<b>Total</b>	<b>5,00,00,000</b>	<b>100.00</b>												
K	Expected dilution in equity share capital upon conversion of preference shares	Not Applicable												

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

The Board of Directors recommend the Resolution at Item No.10 of the accompanying Notice, for the approval of the Members of the Company by way of Special Resolution.

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

By Order of the Board

**S Venkatesh**

Company Secretary

9th August 2014

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 57TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT**

<b>Name of the Director</b>	<b>A Shanmugasundaram</b>	<b>S Ragothaman</b>
Director Identification Number (DIN)	00001434	00042395
Date of birth and age	16th September 1936, 77 years	10th May 1946, 68 years
Date of appointment on the Board	19th September 1979	30th June 2009
Qualifications	Intermediate	B.Com., FCA
Expertise in specific functional areas	He has got vast and rich experience in many industries such as Automobiles, Tyre Retreading, Consumer Durables, Agriculture etc. He is the Managing Director of Anamallais Retreading Company Private Limited and Managing Partner of M/s N. Mahalingam & Co, Coimbatore	He has got rich experience in the field of Banking and Finance.
Directorships held in other public companies	Sri Sakthi Textiles Limited	Digjam Limited Hinduja Foundries Ltd National Peroxide Ltd Shreyas Relay Systems Ltd Shreyas Shipping and Logistics Ltd The Bombay Dyeing & Manufacturing Company Ltd Xpro Global Limited Xpro India Ltd
Memberships / Chairmanships of Committee across public companies	<b>Audit Committee:</b> <b>Member:</b> Sakthi Finance Limited	<b>Audit Committee:</b> <b>Chairman:</b> Digjam Limited Shreyas Relay Systems Ltd Xpro India Ltd <b>Member:</b> Hinduja Foundries Ltd National Peroxide Ltd Shreyas Shipping and Logistics Ltd The Bombay Dyeing & Manufacturing Company Ltd <b>Investors' Grievance Committee - Member:</b> Hinduja Foundries Ltd

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 57TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT (Contd...)**

<b>Name of the Director</b>	<b>A Shanmugasundaram</b>	<b>S Ragothaman</b>
		<p><b>Nomination and Remuneration Committee - Chairman:</b> Hinduja Foundries Ltd Shreyas Relay Systems Ltd</p> <p><b>Member</b> Sakthi Finance Limited Shreyas Shipping and Logistics Ltd The Bombay Dyeing &amp; Manufacturing Company Ltd</p> <p><b>Executive Committee - Member:</b> National Peroxide Ltd The Bombay Dyeing &amp; Manufacturing Company Ltd</p> <p><b>Finance Committee - Member:</b> National Peroxide Ltd The Bombay Dyeing &amp; Manufacturing Company Ltd</p> <p><b>Risk Management Committee - Member:</b> Sakthi Finance Limited</p>
No. of equity shares held	7,875	4,000
Relationship with other directors	None	None

<b>Name of the Director</b>	<b>Dr A Selvakumar</b>	<b>P S Gopalakrishnan</b>
Director Identification Number (DIN)	01099806	00001446
Date of birth and age	30th April 1955, 59 years	23rd August 1935, 79 years
Date of appointment on the Board	30th March 2001	20th November 2004
Qualifications	M.E., Ph.D.	B.Com., LLB., AIB (London), Fellow of Economic Development Institute of World Bank, Washington.
Expertise in specific functional areas	He holds a Doctorate in Engineering from Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. He has immense knowledge and experience in systems applications. At present, he is heading a software company.	He is the Former Chairman of IFCI Ltd., Indian Overseas Bank and Oriental Bank of Commerce and has got rich experience in the field of Banking and Finance.
Directorships held in other public companies	Sri Chamundeswari Sugars Limited Sri Sakthi Textiles Limited	Dharani Sugars and Chemicals Limited Kothari Sugars and Chemicals Limited Shriram General Insurance Company Limited

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 57TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT (Contd...)**

<b>Name of the Director</b>	<b>Dr A Selvakumar</b>	<b>P S Gopalakrishnan</b>
Memberships / Chairmanships of Committee across public companies	<p><b>Audit Committee: Chairman:</b> Sakthi Finance Limited</p> <p><b>Member:</b> Sri Chamundeswari Sugars Limited</p> <p><b>Nomination and Remuneration Committee and Shareholders' and Investors' Grievance Committee:</b></p> <p><b>Member:</b> Sakthi Finance Limited</p>	<p><b>Audit Committee: Chairman:</b> Kothari Sugars and Chemicals Ltd</p> <p><b>Member:</b> Dharani Sugars and Chemicals Limited</p> <p><b>Nomination and Remuneration Committee: Chairman:</b> Dharani Sugars and Chemicals Limited Kothari Sugars and Chemicals Ltd Sakthi Finance Limited</p>
No. of equity shares held	300	Nil
Relationship with other directors	None	None

 **SAKTHI FINANCE**  
**AN EDIFICE BUILT ON TRUST**

**BOARD OF DIRECTORS**

Dr. M. Manickam *Chairman*  
Sri. M. Balasubramaniam  
*Vice Chairman and Managing Director*  
Sri. A. Shanmugasundaram  
Sri. M. Srinivaasan  
Dr. A. Selvakumar  
Sri. P.S. Gopalakrishnan  
Sri. S. Ragothaman

**SENIOR MANAGEMENT**

Sri. M.K. Vijayaraghavan *Sr.President (Finance)*  
Dr. S. Veluswamy *Sr.President (Operations)*  
Sri. K. Guruprasad *Vice President*  
Dr. K. Natesan *Vice President*  
Sri. G. Muniasamy *Sr.General Manager*  
Sri. N. Raveendran *Sr.General Manager*  
Sri. N. Radhakrishnan *General Manager*  
Dr. G. Sundar *General Manager*  
Smt. R. Geetha *General Manager*

**COMPANY SECRETARY**

Sri. S. Venkatesh

**REGISTERED OFFICE**

**SAKTHI FINANCE LIMITED**

CIN : L65910TZ1955PLC000145  
62, Dr. Nanjappa Road  
Coimbatore - 641 018  
Phone : (0422) 2231471 - 74, 4236200  
Fax : (0422) 2231915  
E-mail : sakthif\_info@sakthifinance.com  
Website : www.sakthifinance.com

**REGISTRARS AND SHARE TRANSFER AGENTS**

**SKDC CONSULTANTS LIMITED**

"Kanapathy Towers", Third Floor  
1391/A-1, Sathy Road, Ganapathy  
Coimbatore - 641 006  
Phone : (0422) 6549995, 2539835-836  
Fax : (0422) 2539837  
E-mail : info@skdc-consultants.com

**BANKERS**

State Bank of India  
Bank of India  
Indian Overseas Bank  
Central Bank of India  
State Bank of Travancore  
The Lakshmi Vilas Bank Ltd  
The Karnataka Bank Ltd  
Canara Bank

**FINANCIAL INSTITUTIONS**

Small Industries Development  
Bank of India

**AUDITORS**

M/s. P.N. Raghavendra Rao & Co  
Chartered Accountants  
No. 23/2, Viswa Paradise Apartments  
Second Floor, Kalidas Road  
Ramnagar  
Coimbatore - 641 009

**INTERNAL AUDITOR**

Sri B. Muralidharan FCA  
Chartered Accountant  
226, T.V. Samy Road (East)  
R.S. Puram  
Coimbatore - 641 002

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# SAKTHI FINANCE LIMITED

## DIRECTORS' REPORT

### To the Members

Your Directors are pleased to present their Fifty Seventh Annual Report together with the audited accounts of the company for the financial year ended 31st March 2014.

### FINANCIAL PERFORMANCE

(₹ lakhs)

Particulars	2013-14	2012-13
<b>Profit before tax</b>	<b>2278.66</b>	2133.04
Less: Provision for:		
- Current Tax	<b>780.17</b>	691.66
- MAT credit utilization	-	31.13
- Deferred tax	<b>82.76</b>	(4.61)
Net Provision for Income Tax (earlier years)	-	15.01
<b>Net Profit after tax</b>	<b>1415.73</b>	1399.85
Add : Surplus brought forward from previous year	<b>1136.52</b>	711.95
<b>Amount available for appropriation</b>	<b>2552.25</b>	2111.80
<b>Appropriations</b>		
Transfer to Statutory Reserve	<b>283.15</b>	279.97
Interim Dividend on Preference Shares	<b>100.00</b>	94.93
Tax on Interim Dividend on Preference Shares	<b>17.00</b>	15.40
Proposed Dividend on Equity Shares	<b>500.00</b>	500.00
Tax on Proposed Equity Dividend	<b>84.98</b>	84.98
<b>Surplus carried to balance sheet</b>	<b>1567.12</b>	1136.52
<b>Total</b>	<b>2552.25</b>	2111.80

### BUSINESS

During the year, the company disbursed ₹ 48629 lakhs in hire purchase business as against ₹ 47,038 lakhs during the previous financial year. The collection efficiency continues to be at its best. Your directors are confident of achieving better business volumes and profitability in the years ahead.

### RESERVES AND SURPLUS

As required under Section 45IC of the Reserve Bank of India Act 1934, the Company has transferred 20% of the net profit after tax to Statutory Reserve.

### DIVIDEND

#### Preference Shares

The Board of Directors have, at their meeting held on 25th March 2014, declared an interim dividend of 10% (₹ 10 per share) on 10% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ending 31st March 2014. The preference dividend involved a cash outflow of ₹ 117 lakhs including dividend distribution tax.

Your Directors have confirmed the interim dividend paid on preference shares for the financial year ended 31st March 2014 as final dividend on preference shares.

#### Equity Shares

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share (10% on the face value of equity share of ₹ 10 each) for the year ended 31st March 2014. Further, the equity dividend, which is subject to the approval of members at the forthcoming annual general meeting, would involve a cash outflow of ₹ 584.98 lakhs including dividend distribution tax.

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### DEPOSITS

The total deposits with the company as at 31st March 2014 stood at ₹ 12880 lakhs as against ₹ 5,477 lakhs for the corresponding previous year.

As at the end of the financial year, 561 public deposits amounting to ₹ 223.21 lakhs were due for repayment but remained to be claimed or renewed. The Company has been reminding the depositors regularly about the maturity and out of the said deposits, 128 deposits amounting to ₹ 77.88 lakhs have since been claimed and repaid / renewed as per their instructions.

### DIRECTORS

Sri A Shanmugasundaram and Sri S Ragothaman, Directors are liable to retire by rotation at the ensuing Annual General Meeting. In terms of Section 149 of the Companies Act 2013, the Company has proposed to appoint Sri A Shanmugasundaram, Sri S. Ragothaman, Dr A Selvakumar and Sri P S Gopalakrishnan as independent directors at the ensuing Annual General Meeting.

The profile of Directors, as required under Clause 49(IV)(G) of the Listing Agreement are given in the Annexure to the Notice of the 57th Annual General Meeting.

### AUDIT COMMITTEE

The Audit Committee has been functioning with the following three non-executive directors of which two are Independent Directors.

1. Dr A Selvakumar, Chairman
2. Sri A Shanmugasundaram, Member
3. Sri M Srinivaasan, Member

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Clause 49 of the Listing Agreement, a report on Management Discussion and Analysis Report forms part of this report.

### CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement, a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance as stipulated under the listing agreement forms part of the Annual Report.

### PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT 1956

As required under Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988:

- a. The Company has no activity involving conservation of energy or technology absorption;
- b. The Company does not have any Foreign Exchange Earnings; and
- c. Foreign Exchange Outgo : ₹ 44.50 lakhs

The company has no employee drawing remuneration more than the limits prescribed under Section 217(2A) of the Companies Act 1956.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act 1956, your directors confirm, to the best of their knowledge and belief, that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure has been made from it;
- b. the Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;



## SAKTHI FINANCE LIMITED

- c. the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d. the annual accounts of the Company has been prepared on a going concern basis.

### **AUDITORS**

M/s P N Raghavendra Rao & Co (ICAI Reg.No:003328S) Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting. It is proposed to re-appointment them as statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 60th Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. The company has obtained a confirmation from the auditors that their reappointment, if made, at the forthcoming annual general meeting would be within the conditions specified under Section 139 of the Companies Act 2013.

The Members, year on year, will be requested to ratify their appointment of Auditors and to authorize the Board of Directors to fix their remuneration. In this connection, the attention of the Members is invited to Item No.4 of the Notice.

### **ACKNOWLEDGEMENT**

Your Directors wish to place on record the valuable assistance and excellent co-operation extended by the members, banks, financial institutions and government authorities. Your Directors wish to convey their sincere thanks to the depositors and debenture holders of the company for their continued patronage. They also wish to appreciate the excellent services rendered by the employees of the company.

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

For and on behalf of the Board

Coimbatore  
9th August 2014

**M Manickam**  
Chairman

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### ECONOMY OVERVIEW

The Gross Domestic Product (GDP) of India's economy, which is going through a challenging phase, is estimated to have grown at 4.90 per cent in 2013-14. The country's economic growth will improve modestly and it is expected to clock 5.6 per cent in 2014-15 with some strengthening of activity in services such as hotels, transport, communication and financing besides real estate. The pace of India's growth will improve in the coming quarters, but it is likely to be gradual due to persistent challenges such as higher inflation. With the new government in place, the economy is set to improve further.

#### BALANCE OF PAYMENTS POSITION

The steady narrowing of trade deficit over the year has shrunk the Current Account Deficit (CAD) to 0.9 per cent of GDP in the third quarter of 2013-14. For the year as a whole, the CAD is expected to be about 2.0 per cent of GDP. However, the export growth has slowed, partly because of slow-down in demand in other countries as well as softening of prices of exports of petroleum products and gems & jewellery. Further with the sustained inflows in the form of portfolio flows, Foreign Direct Investment (FDI) and external commercial borrowings, external financing conditions become comfortable.

#### OPPORTUNITIES

For the year 2013-14, due to longest ever down cycle, there was drastic fall of 20.2% in the total volume of Commercial Vehicle Industry. Medium and Heavy Commercial Vehicles (M&HCV) segment was down by as much as 25%. The fall in sales of new vehicles naturally favourably impacts the demand for pre-owned commercial vehicles. The pre-owned commercial vehicles financing market is estimated around Rs 1900 billions consisting of 6 million vehicles. Hence there is an ample scope for financing pre-owned commercial vehicles, in which our company is engaged in.

South West monsoon though arrived late is expected to be normal and this will increase the movement of agricultural products by Road which will improve the prospects of goods Transport industry.

#### THREATS

Ever-increasing price of fuel cost, maintenance cost, interest cost and food inflation pose a great challenge to vehicle operators in the matter of conserving resources. Further, the restrictions imposed on mining on account of environmental counts may reduce the earning potential for the transport operators engaged in this segment.

#### BUSINESS OUTLOOK

The Economic outlook is not optimistic as the economic recovery is likely to be modest. With the near normal monsoon, the agricultural sector is likely to perform well. Further, the output of agricultural crops are expected to be high. As such the growth in agricultural sector coupled with growth in services sector is expected to aid the growth of GDP.

The business outlook of NBFC sector will be better as goods Transport Sector to which NBFC's like our company caters to play an active role in helping agricultural and other sectors.

#### PERFORMANCE AND FINANCIAL REVIEW

During the year 2013-14, the company's Hire Purchase disbursements touched Rs 480 crores. The total disbursements for the year is **₹ 48629 lakhs** in hire purchase finance business as against ₹ 47038 lakhs in the corresponding previous financial year. As on 31st March 2014, the total deposits with the company stood at **₹ 12880 lakhs**.

The gross income for the year 2013-14 was **₹ 13811 lakhs** and the net profit after tax for the year was at **₹ 1416 lakhs**. The company has charged a depreciation and amortisation of **₹ 246 lakhs** in the statement of profit and loss.

# SAKTHI FINANCE LIMITED

## **RISKS AND CONCERNS**

Like other NBFCs, our Company is also subject to normal industry risks such as credit, market, interest and operational risks. These risks are mitigated by adopting prudent business and risk management policies. The risk management policies are periodically reviewed by the Audit Committee and Risk Management Committee so that they are in line with our Company's strategic needs.

## **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

Our Company has a sound and adequate system of internal controls to monitor and regulate all the activities. The Company complies with internal control policies and procedures and other regulatory requirements.

## **HUMAN RESOURCES DEVELOPMENT**

In 2013-14, our Company maintained very harmonious and cordial relationship with its employees as ever. As on 31st March 2014, there were 421 employees. Our Company's human resources philosophy is to establish and build a strong performance and competency-driven culture with high sense of accountability and responsibility among its employees. Our Company has taken necessary steps to strengthen the organizational competency through training programmes at various levels and installing effective system.

To maintain the continuous and steady flow of competent Marketing Officers (MO) at the basic level, your company continues to be associated with Sakthi Excellence Academy (SEA) established by Kumaraguru College of Technology (KCT) through which fresh graduates are being imparted exclusive training so as to make them ready to fit in at the Marketing Officer's level. These candidates are being given necessary training in all aspects of business procurements, including appraisal, legal, regulatory requirements and financial matters. With the availability of talent of such trained candidates, the Company hopes to achieve greater heights with quality assets.

For and on behalf of the Board

Coimbatore  
9th August 2014

**M Manickam**  
Chairman

## **Cautionary Statement**

*Certain statements made in the Management Discussion and Analysis Report describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from forward-looking statements contained in this report due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, change in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these documents.*

## **CORPORATE GOVERNANCE REPORT**

(Pursuant to Clause 49 of the Listing Agreement)

### **1. Company's Philosophy on Corporate Governance**

The Company's philosophy on corporate governance continues to aim at high levels of transparency, accountability and equity in all areas of its operations and its dealing with members, employees, customers, lenders, regulatory and government agencies so as to enhance the shareholder value in all possible way.

### **2. Board of Directors**

#### **a. Composition and size of the Board**

The Board of Directors consist of seven members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director and five Non-Executive Directors of which four are Independent Directors, who bring in a wide range of skills and experience to the Board. The number of independent directors is more than 50% of the total number of Directors on the Board.

The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals and evaluation of performance and control function vest with the Board. The Board has constituted five Committees, namely, Audit Committee, Nomination and Remuneration Committee, Shareholders' / Investors' Grievance Committee, Asset Liability Management Committee and Risk Management Committee.

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

#### **b. Number of Board Meetings held during the year**

During the financial year, six Board Meetings were held on 29th May 2013, 20th July 2013, 14th August 2013, 9th November 2013, 8th February 2014 and 25th March 2014. The gap between two meetings is within four months. The information as required under Annexure - IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and consideration at Board Meetings. The Board has also taken on record the certificates given by the senior management personnel regarding compliance with the applicable laws on quarterly basis.

#### **c. Code of Conduct**

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

The Code applies to all Directors and members of Senior Management of the company. All Board Members and Senior Management personnel of the company have affirmed compliance with the Code. A declaration to this effect, signed by Vice Chairman and Managing Director is annexed. The Code has been hosted on the website of the company.

#### **d. Attendance and other Directorships**

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

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2013-14		As on 9th August 2014		
			Attendance at		No. of other directorships <sup>1</sup>	Committee position	
			Board Meeting	Last AGM		Chairman <sup>2</sup>	Member <sup>2</sup>
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	4	Yes	10	1	2
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	6	Yes	12	1	5
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Promoter	Brother of Dr M Manickam and Sri M Balasubramaniam	5	Yes	9	—	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Independent	None	2	Yes	1	—	—
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	6	Yes	2	—	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	5	Yes	3	1	1
Sri S Ragothaman DIN: 00042395	Non-executive Director, Independent	None	4	No	8	3	5

1. excludes directorships in private limited companies and Section 25 company
2. only Audit Committee and Shareholders' / Investors' Grievance Committee of public limited companies are considered for this purpose.

### 3. COMMITTEES OF THE BOARD

#### A. Audit Committee

##### Terms of reference

The powers and terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act 1956 and are as follows:

- Oversight of the Company's financial reporting process and disclosure of financial information
- Recommend the appointment, re-appointment and if required, replacement or removal of Statutory Auditors, fixation of audit fees and approving payments for any other services
- Review with management the annual and quarterly financial statements before submission to the Board
- Review with management, performance of Statutory and Internal Auditors and adequacy of internal control systems
- Review the adequacy of internal audit function
- Discussion with internal auditors of any significant findings and follow-up
- Review the findings of any internal investigations by the internal auditors
- Discussion with Statutory Auditors before the audit commences, of the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- Look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors

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- Review the functioning of whistle blower mechanism
- Review the following information:
  - Management discussion and analysis of financial condition and results of operations
  - Statement of significant related party transactions
  - Management letters / letters of internal control weaknesses issued by the statutory auditors
  - Internal audit reports relating to internal control weaknesses
  - The appointment, removal and remuneration of the Chief Internal Auditor; and
  - The financial statements, in particular, the investments made by unlisted subsidiary companies

In addition to the above, the following disclosures are made to the Audit Committee, as and when applicable:

- Basis of related party transactions
- Disclosure of Accounting treatment; and
- Utilization / application of proceeds from public issues, rights issue, preferential issues etc, if any

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

The composition of the Audit Committee and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman	4	4
Sri A Shanmugasundaram, Member	4	4
Sri M Srinivaasan, Member	4	3

The committee held four meetings during the financial year on 29th May 2013, 13th August 2013, 8th November 2013 and 8th February 2014. The gap between two meetings was within four months.

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

The Company has now adopted an Audit Committee Charter to be in line with enhanced scope for the Committee as laid down under Section 177 of the Companies Act 2013 and amended Clause 49 of the Listing Agreement.

### **B. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee determines and recommends remuneration including commission, perquisites, and allowances payable to Vice Chairman and Managing Director. The company has complied with the non-mandatory requirement of Clause 49 regarding Nomination and Remuneration Committee.

#### **Composition**

The composition of the Nomination and Remuneration Committee is given below:

Sri P S Gopalakrishnan, Chairman

Dr A Selvakumar, Member

Sri S Ragothaman, Member

The committee has not met during the financial year.

Remuneration policy of the company is given below:

**For Vice Chairman and Managing Director**

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

**For Non-Executive Directors**

Sitting fees as permitted under the Companies Act 1956 plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-executive directors are not being paid any commission.

The details of remuneration / sitting fees paid to the executive / non-executive directors for the year 2013-14 and the shares held by them are given below.

Name of the Director	Salary	Comm- ission	Perqui- sites	Sitting Fees	Total	No. of equity shares held
	(₹ Lakhs)					
Dr M Manickam	--	--	--	0.40	0.40	92,813
Sri M Balasubramaniam	18.00	24.22	6.16	--	48.38	1,92,000
Sri M Srinivaasan	--	--	--	0.80	0.80	2,51,355
Sri A Shanmugasundaram	--	--	--	0.60	0.60	7,875
Dr A Selvakumar	--	--	--	1.00	1.00	300
Sri P S Gopalakrishnan	--	--	--	0.50	0.50	Nil
Sri S Ragothaman	--	--	--	0.40	0.40	4,000

Notes:

- The appointment of Managing Director is governed by the Articles of Association of the company and the resolutions passed by the Board of Directors and members of the company. These cover the terms and conditions of such appointment.

Sri M Balasubramaniam was reappointed as Managing Director of the company for a period of 5 years with effect from 29th September 2010. He will hold office up to 28th September 2015. The company does not have any service contract with Managing Director.

- In terms of the Articles of Association, the resignation of a director becomes effective upon its acceptance by the Board.
- No severance fee is payable to the Directors on termination of office.
- The company has no stock option scheme either to its directors or to its employees.
- None of the non-executive directors have any pecuniary relationship or transactions with the company.

The Company has now adopted a Nomination and Remuneration Committee Charter. The role of Nomination and Remuneration Committee has been enhanced / modified as required under Section 178 of the Companies Act 2013 and amended Clause 49 of the Listing Agreement.

**C. Shareholders' / Investors' Grievance Committee**

The function of the committee is to redress the grievances of Shareholders' / Investors' and to create and review the systems for improving the services.

## ANNUAL REPORT 2014

### **Composition**

The composition of the Shareholders' and Investors' Grievance Committee is given below:

Dr M Manickam, Chairman

Sri M Balasubramaniam, Member

Dr A Selvakumar, Member

Sri S Venkatesh, Company Secretary, is Secretary to the Committee.

The Committee meets periodically to attend grievances of shareholders in connection with transfer of shares, transposition of shares and other investors grievances. The Committee held three meetings during the financial year on 26th November 2013, 6th January 2014 and 26th March 2014 and all the members attended the meeting.

During the year, the Company received 5 investor's complaints in addition to the requests for transfer / transmission of shares and issuance of duplicate share certificates. They were expeditiously attended to the satisfaction of the shareholders. No complaint was pending as at the close of the financial year.

The Board of Directors at their meeting held on 9th August 2014 has renamed this committee as Stakeholders' Relationship Committee.

### **D. Asset Liability Management Committee**

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

The committee consists of the following Director / Executives:

Sri M Balasubramaniam, Vice Chairman and Managing Director - Chairman

Dr S Veluswamy, Senior President (Operations)

Sri M K Vijayaraghavan, Senior President (Finance and Corporate Services)

The committee held two meetings during the financial year on 28th May 2013 and 7th November 2013 and all the members attended the meetings.

### **E. Risk Management Committee**

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

#### **Composition**

The present composition of the Risk Management Committee is given below:

Sri M Balasubramaniam, Vice Chairman and Managing Director

Sri S Ragothaman, Director

The committee held a meeting during the financial year on 25th March 2014 and all the members attended the meeting.

### **F. Corporate Social Responsibility Committee**

In line with the Companies Act 2013, the company has now constituted Corporate Social Responsibility Committee (CSR Committee) of the Board consisting of three directors on 9th August 2014. The role of CSR Committee is to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken as specified in Schedule VII to the Companies Act 2013 and shall also recommend the amount of expenditure to be incurred on the CSR activities, to monitor the CSR Policy of the Company from time to time and prepare a transparent monitoring mechanism for ensuring implementation of the projects/programmes/activities proposed to be undertaken by the Company and to do all such acts, deeds and things as may be required in connection with the CSR activities.



# SAKTHI FINANCE LIMITED

## 4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

## 5. GENERAL BODY MEETINGS

Details of date, time and venue where the last three Annual General Meetings and an Extraordinary General Meeting held are given below:

Year	AGM/EGM	Date	Time	Venue
2013	56th	26th September 2013	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2012	55th	27th September 2012	4.00 p.m	Smt. Velumaniammal Memorial Hall Sri Ramakrishna Kalyana Mandapam Avarampalayam Road Coimbatore - 641 044
2012	EGM	19th March 2012	10.00 a.m	Geedee Auditorium, President Hall 734, Avanashi Road Coimbatore - 641 018
2011	54th	28th September 2011	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avinashi Road, Peelamedu Coimbatore - 641 004

Details of Special Resolutions passed in the previous three Annual General Meetings and an Extraordinary General Meeting are as follows:

Date of AGM / EGM	Particulars of Special Resolutions passed
26th September 2013 (56th AGM)	Nil
27th September 2012 (55th AGM)	Nil
19th March 2012 (EGM)	1. Issue of 1,98,93,019 equity shares of ₹10 each at a price of ₹11.10 per share on preferential basis to Promoter Group Companies and a Non-Promoter Company. 2. Issue of 20,00,000 10% Redeemable Cumulative Preference Shares of ₹100 each for an aggregate amount of ₹20 Crores on private placement basis.
28th September 2011 (54th AGM)	1. Altering the Capital Clause in the Articles of Association of the company for increasing the Authorized Share Capital. 2. Keeping Registers and Index of Members and Debenture holders and copies of Annual Return at the office of Registrars and Share Transfer Agents of the Company.

Details of Resolutions passed through Postal Ballot, the person who conducted the postal ballot exercise and details of voting pattern:

- a. Pursuant to Section 192A(2) of the Companies Act 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011 and pursuant to Section 180(1)(c) of the Companies Act 2013, a notice dated 8th February 2014 was sent to the members seeking their approval through Postal Ballot for passing a Special Resolution for increasing the borrowing powers of the Company in excess of its net worth for an aggregate amount not exceeding Rs 2,500 crores. The Company had appointed Mr. K Murali Mohan FCA, Practicing Chartered Accountant, as the Scrutinizer for conducting the postal ballot process. Accordingly, the Postal Ballot was conducted by the Scrutinizer and a Report submitted to the Vice Chairman and Managing Director. The results of the voting conducted through Postal Ballot are as follows:

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Particulars	Number of Ballots	Number of votes	% of votes
Total Ballot forms received	858	4,46,88,340	100.00
Less: Invalid Forms received	97	29,220	0.06
Net valid Postal Ballot Forms received	761	4,46,59,120	99.94
Postal Ballot Forms with assent for Special Resolutions	670	4,46,16,110	99.90*
Postal Ballot Forms with dissent for Special Resolution	91	43,010	0.10*

\* percentage on net valid votes

The Special Resolution as per Notice dated 8th February 2014 for increasing the borrowings powers for an amount not exceeding Rs 2,500 crores, was accordingly, passed with requisite majority.

- b. Pursuant to Section 192A(2) of the Companies Act 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011 and pursuant to Section 180(1)(a) of the Companies Act 2013, a notice dated 8th February 2014 was sent to the members seeking their approval through Postal Ballot for passing a Special Resolution for charging / mortgaging the properties of the Company for an aggregate amount not exceeding Rs 2,500 crores. The Company had appointed Mr.K Murali Mohan FCA, Practicing Chartered Accountant, as the Scrutinizer for conducting the postal ballot process. Accordingly, the Postal Ballot was conducted by the Scrutinizer and a Report submitted to the Vice Chairman and Managing Director. The results of the voting conducted through Postal Ballot are as follows:

Particulars	Number of Ballots	Number of votes	% of votes
Total Ballot forms received	858	4,46,88,340	100.00
Less: Invalid Forms received	127	55,654	0.12
Net valid Postal Ballot Forms received	731	4,46,32,686	99.88
Postal Ballot Forms with assent for Special Resolutions	639	4,45,90,966	99.91*
Postal Ballot Forms with dissent for Special Resolution	92	41,720	0.09*

\* percentage on net valid votes

The Special Resolution as per Notice dated 8th February 2014 for charging / mortgaging the properties of the Company for an amount not exceeding Rs 2,500 crores, was accordingly, passed with requisite majority.

The company has no proposal to pass any Special Resolution by way of Postal Ballot at the ensuing Annual General Meeting.

### 6. DISCLOSURES

- a. The details of transactions with related parties are disclosed in Note 32 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the company at large. The register of contracts containing the transactions in which the directors are interested or concerned is placed before the Board for its approval.
- b. The related party transactions entered into by the company in the ordinary course of business are periodically placed before the Audit Committee for its approval.

## SAKTHI FINANCE LIMITED

- c. The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have a personal interest that may have a potential conflict with the interest of the company at large.
- d. There are no instances of non-compliance by the company on any matters relating to capital markets, nor have any penalty / strictures been imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter relating to capital markets during the last three years except the following:

The Company had a membership with Over The Counter Exchange of India (OTCEI) since July 1995 which was non-operative. The Company surrendered membership in November 2006 itself. This was not acted upon by OTCEI and instead they chose to suspend membership as if our company intended to continue membership and not paid the annual fee. Though the company pointed out that it has already surrendered membership, they chose to collect the annual fee up to date and allowed us to surrender the membership through a fresh application. The company has since received letter No. MIRSD-II/DM/OW/32383/2011 dated 14th October 2011 from SEBI through "OTCEI" (letter No.0924/2011/CP/MDD/0446 dated 18th October 2011) informing that SEBI has approved the Company's surrender application. Accordingly, the company has ceased to be a member of OTCEI with effect from 2nd June 2011.

- e. The company follows the Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules 2006 and in the preparation of financial statements, the company has not adopted a treatment different from that prescribed in an Accounting Standard.

In accordance with Clause 49V of the Listing Agreement relating to CEO / CFO certification, Vice Chairman and Managing Director and Senior President (Finance and Corporate Services) have given necessary certificate to the Board for the financial year ended 31st March 2014.

### **7. MEANS OF COMMUNICATION**

- a. The quarterly results are published in national / regional daily ("Business Line" in English and "Malaimalar" in Tamil). The half-yearly results are not individually sent to the shareholders.
- b. The following are also promptly displayed on the Company's Website **www.sakthifinance.com**
  - Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under "Investors Section"
  - Letters / intimation to Stock Exchanges in the "Investor Announcements" under "Investors Section"

### **8. MANAGEMENT**

A detailed Management Discussion and Analysis Report forms part of the Annual Report.

### **9. DIRECTORS' APPOINTMENT / REAPPOINTMENT**

Details of disclosure regarding appointment of independent directors / re-appointment of directors liable to retire by rotation are given in the Annexure to the Notice.

### **10. GENERAL SHAREHOLDER INFORMATION**

#### **57th Annual General Meeting**

Day, Date and Time : Saturday, 27th September 2014 at 3.30 p.m

Venue : Smt. Padmavathi Ammal Cultural Centre  
1548, Avanashi Road, Peelamedu  
Coimbatore - 641 004

#### **FINANCIAL CALENDAR FOR 2014-15**

Unaudited financial results for the quarter ended June 2014 : Before 14th August 2014

Unaudited financial results for the quarter ending Sept. 2014 : Before 14th November 2014

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Unaudited financial results for the quarter ending Dec. 2014 : Before 14th February 2015  
 Audited financial results for the year ending March 2015 : Before 30th May 2015  
 Annual General Meeting for the year ending March 2015 : Before 30th September 2015

### BOOK CLOSURE DATES

From Wednesday, 24th September 2014 to Saturday, 27th September 2014, both days inclusive.  
 Equity Dividend Payment Date: After 27th September 2014

### LISTING ON STOCK EXCHANGES AND STOCK CODE

#### a. Listing

The equity shares are listed at Mumbai and Madras Stock Exchanges. The listing fee has been paid to both the exchanges. The company has paid the annual custodial fee for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2014.

#### b. The Company's Stock Codes are as follows:

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066
Madras Stock Exchange Limited	SKF

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

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

#### Market Price Data

As the Company's shares are also listed at Madras Stock Exchange Limited (MSE), the said exchange by entering into an agreement with National Stock Exchange Limited (NSE), has admitted the securities of the company for dealing in NSE with effect from 9th August 2010.

The monthly high and low market price of the company's shares traded on BSE Limited, Mumbai and National Stock Exchange Limited, Mumbai for the financial year 2013-14 are furnished below:

Month	NSE Price		BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
April 2013	11.00	10.50	11.55	9.98	19623	18144
May 2013	-	-	11.50	10.00	20444	19451
June 2013	-	-	11.56	10.50	19860	18467
July 2013	-	-	11.75	11.00	20351	19127
August 2013	-	-	12.74	10.62	19569	17449
September 2013	-	-	12.25	11.07	20740	18166
October 2013	-	-	11.30	10.01	21205	19265
November 2013	-	-	12.00	10.60	21322	20138
December 2013	-	-	11.60	10.48	21484	20569
January 2014	12.55	11.95	11.17	9.99	21410	20344
February 2014	11.50	9.80	11.37	10.01	21141	19963
March 2014	10.35	9.45	11.13	10.00	22467	20921

# SAKTHI FINANCE LIMITED

## REGISTRARS AND SHARE TRANSFER AGENTS

### SKDC Consultants Limited

(Unit: Sakthi Finance Limited)

Regd Office: 'Kanapathy Towers'

Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006

Phone : (0422) 6549995, 2539835 - 836 Fax: (0422) 2539837

E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com

### Share Transfer System

All transfers received are processed by the Registrars and Transfer Agents and are approved by the Share Transfer Committee. Share transfers are registered and returned to the shareholders within the stipulated time, if the documents are in order.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations 1996, certificates have also been received from a Company Secretary in Practice:

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

### Mandatory Requirement of Permanent Account Number (PAN):

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

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

### Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1995, as amended, the company has adopted a Code of Conduct for Prevention of Insider Trading. Sri S Venkatesh, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the company.

### Unclaimed Shares Demat Suspense Account

Pursuant to amended Clause 5A of the Listing Agreement with the Stock Exchanges, the company opened a demat account viz. Unclaimed Shares Demat Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited - Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2014 are as follows:

SI No	Particulars	No. of Share holders	No. of Shares
1	Outstanding shares in Unclaimed Shares Demat Suspense Account at the beginning of the year	34	2,975
2	Approached for transfer of shares from Unclaimed Shares Demat Suspense Account	-	-
3	Shares transferred from Unclaimed Shares Demat Suspense Account	-	-
4	Outstanding shares in Unclaimed Shares Demat Suspense Account at the end of the year.	34	2,975

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### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2014

The distribution of shareholding as on 31st March 2014 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	13318	89.64	18,75,112	3.75
501 - 1000	871	5.86	6,84,652	1.37
1001 - 2000	345	2.32	5,04,795	1.01
2001 - 3000	105	0.71	2,63,951	0.53
3001 - 4000	46	0.31	1,69,507	0.34
4001 - 5000	44	0.30	2,05,851	0.41
5001 - 10000	68	0.46	4,78,680	0.96
10001 & above	60	0.40	4,58,17,452	91.63
Total	14,857	100.00	5,00,00,000	100.00

### SHAREHOLDING PATTERN AS ON 31ST MARCH 2014

The shareholding pattern as on 31st March 2014 is as under:

Category	Percentage
Promoters	64.23
Other bodies corporate	15.88
Banks, Financial Institutions and mutual funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.03
Resident public	10.96
<b>Total</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). 4,26,94,871 Equity Shares of the Company constituting 85.39% of the paid-up capital were dematerialised as on 31st March 2014.

### NOMINATION FACILITY

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

### OUTSTANDING GDR'S / ADR'S / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS' CONVERSION DATE AND LIKELY IMPACT ON EQUITY

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

### ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited, (CIN:L65910TZ1955PLC000145), 62, Dr. Nanjappa Road, Post Box No.3745, Coimbatore - 641 018  
 Tel: (0422) 2231471-474, 4236200 Fax: (0422) 2231915  
 E-mail : sakthif\_info@sakthifinance.com **Website: www.sakthifinance.com**

### INVESTORS' CORRESPONDENCE

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

Contact Person: Sri K Marimuthu

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

## SAKTHI FINANCE LIMITED

Tel. Nos : (0422) 2231471- 474, 4236207

E-mail : svenkatesh@sakthifinance.com

Pursuant to Clause 47(f) of the Listing Agreement, the company has designated the following exclusive E-mail Id for the convenience of investors.

**svenkatesh\_shares@sakthifinance.com**

### **11. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As stipulated in Clause 49 of the Listing Agreement, the Auditors' Certificate on compliance of conditions of corporate governance is annexed to the Annual Report.

### **COMPLIANCE WITH NON-MANDATORY REQUIREMENTS**

The company has adopted all mandatory requirements of Clause 49 of the Listing Agreement and the status of compliance in respect of non-mandatory requirements stipulated by the said clause is as under:

- The tenure of independent directors is not being restricted to a period of nine years in the aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of independent directors and discharge of their duties towards the company.
- The Company has voluntarily constituted a Nomination and Remuneration Committee as required under the Listing Agreement.
- The quarterly / half-yearly financial results are published in leading newspapers as mentioned above and are also displayed on the Company's website [www.sakthifinance.com](http://www.sakthifinance.com). Therefore, the results are not being separately circulated to the shareholders.
- The company takes concrete and conscious steps in ensuring that the Auditors do not make any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the company officials to the satisfaction of auditors.
- The directors are kept informed of the latest developments in laws, rules and regulations, as also the various risks to which the company is exposed and the manner in which these risks are mitigated/minimised. Therefore, the need for formal training on these issues is not felt necessary.
- No separate mechanism has been formulated to evaluate the non-executive members of the Board.
- The Company has now adopted a Whistle Blower Policy with the objective to provide Directors, employees and customers an avenue to raise genuine concerns on any matters in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle-blowing in good faith. The Committee will review periodically the functioning of the Whistle Blower mechanism.

The Whistle Blower Policy has also been posted on the website Company's website, [www.sakthifinance.com](http://www.sakthifinance.com)

For and on behalf of the Board

Coimbatore  
9th August 2014

**M MANICKAM**  
Chairman

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### **ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO CLAUSE 49(I)(D)(II) OF THE LISTING AGREEMENT**

As required under Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2014.

Coimbatore  
9th August 2014

For Sakthi Finance Limited  
**M BALASUBRAMANIAM**  
Vice Chairman and Managing Director

## ANNUAL REPORT 2014

### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE (Under Clause 49 of the Listing Agreement)**

To the members of Sakthi Finance Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore  
9th August 2014

For P N Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S  
**P.R. VITTEL**  
Partner  
Membership No:18111



## **INDEPENDENT AUDITORS' REPORT**

To

The Members of Sakthi Finance Limited

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of Sakthi Finance Limited (the "Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### **Management's Responsibility for the Financial Statements**

2. The Company's Management is responsible for 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 with the Accounting Standards notified under the Companies Act 1956 (the "Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.

This responsibility includes the design, implementation and maintenance of internal control 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.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

6. In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
  - b. in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order 2003, as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

## ANNUAL REPORT 2014

8. As required by Section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013; and
  - e. on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S

P R Vittel  
Partner  
Membership No.18111

Coimbatore  
28th May 2014

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### **Annexure referred to in paragraph 7 of our report of even date Re : Sakthi Finance Limited (the Company)**

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed of a substantial part of fixed assets during the year.
- ii. The Company does not hold any inventories. Accordingly, the provisions of Clause 4(ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 ("CARO" or "Order) are not applicable to the Company.
- iii.
  - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(iii) (a) to (d) of the Order are not applicable to the Company.
  - b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(iii)(e) to (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

## SAKTHI FINANCE LIMITED

- v. a. According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has accepted deposits from the public and has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Act in respect of services of the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix. a. According to the information and explanations given to us and the records of the Company verified by us, in our opinion, the Company is generally regular in depositing, with appropriate authorities, undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c. In our opinion and according to the information and explanations given to us, there are no disputed statutory dues.
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained in respect of loans granted by the Company on the basis of security by way of pledge of debentures.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, the term loans obtained during the year have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

## ANNUAL REPORT 2014

- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- xix. In our opinion and according to the information and explanations given to us, with respect to the debentures issued by the Company, requisite security/charge has been created.
- xx. As informed to us, the Company has not raised any money by public issue during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S

P R Vittel  
Partner  
Membership No.18111

Coimbatore  
28th May 2014


**SAKTHI FINANCE LIMITED**
**BALANCE SHEET AS AT 31ST MARCH 2014**

(₹ Lakhs)

Particulars	Note	As at 31st March 2014	As at 31st March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	<b>6,000.00</b>	6,000.00
Reserves and Surplus	4	<b>8,294.01</b>	7,882.08
		<b>14,294.01</b>	<b>13,882.08</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	<b>16,379.84</b>	4,741.38
Deferred Tax Liabilities (Net)	6	<b>923.48</b>	840.72
		<b>17,303.32</b>	<b>5,582.10</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	<b>45,824.81</b>	54,976.51
Other Current Liabilities	8	<b>11,312.13</b>	8,004.80
Short-Term Provisions	9	<b>1,482.32</b>	1,226.38
		<b>58,619.26</b>	<b>64,207.69</b>
<b>TOTAL</b>		<b>90,216.59</b>	<b>83,671.87</b>
<b>ASSETS</b>			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	10	<b>5,689.77</b>	6,208.00
- Intangible Assets		<b>319.59</b>	33.53
- Capital Work-in-Progress		<b>4.50</b>	-
- Intangible Assets under Development		-	207.51
Non-Current Investments	11	<b>1,296.14</b>	1,124.91
Long-Term Loans and Advances	12	<b>240.46</b>	201.25
		<b>7,550.46</b>	<b>7,775.20</b>
Current Assets			
Current Investments	13	<b>115.98</b>	-
Stock on Hire	14	<b>75,035.05</b>	69,275.58
Trade Receivables	15	<b>88.74</b>	372.74
Cash and Bank Balances	16	<b>3,030.83</b>	2,643.92
Short-Term Loans and Advances	17	<b>4,116.46</b>	3,481.21
Other Current Assets	18	<b>279.07</b>	123.22
		<b>82,666.13</b>	<b>75,896.67</b>
<b>TOTAL</b>		<b>90,216.59</b>	<b>83,671.87</b>

The accompanying Notes form an integral part of the financial statements 1-36

 As per our report attached  
 For P.N. Raghavendra Rao & Co  
 Chartered Accountants  
 Firm Regn. No.:003328S

**P.R. VITTEL**  
 Partner  
 Membership No.18111  
 Coimbatore  
 28th May 2014

**S. VENKATESH**  
 Company Secretary

For and on behalf of the Board

**M. MANICKAM**  
 Chairman

**M. BALASUBRAMANIAM**  
 Vice Chairman and Managing Director

## ANNUAL REPORT 2014

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>REVENUE FROM OPERATIONS</b>			
Income from Operations	19	<b>13,183.32</b>	12,204.71
Other Income	20	<b>627.34</b>	667.24
<b>Total Revenue from Operations</b>		<b>13,810.66</b>	12,871.95
<b>EXPENSES</b>			
Employee Benefits Expense	21	<b>1,701.00</b>	1,720.41
Finance Costs	22	<b>7,863.72</b>	7,259.28
Depreciation and Amortization Expense	23	<b>245.55</b>	286.68
Other Expenses	24	<b>1,178.45</b>	1,025.62
Provisions and Write-off	25	<b>522.36</b>	431.48
Contingent Provision against Standard Assets		<b>20.92</b>	15.44
<b>Total Expenses</b>		<b>11,532.00</b>	10,738.91
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>2,278.66</b>	2,133.04
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>2,278.66</b>	2,133.04
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>2,278.66</b>	2,133.04
Tax Expense			
- Current Tax		<b>780.17</b>	691.66
- MAT Credit Utilization		-	31.13
- Deferred Tax		<b>82.76</b>	(4.61)
- Provision for Taxation (earlier years)		-	15.01
<b>Profit for the year</b>		<b>1,415.73</b>	1,399.85
Surplus for the year carried to Balance Sheet		<b>1,415.73</b>	1,399.85
<b>Earnings per Equity Share</b>	34		
Par Value per Equity Share (₹)		<b>10.00</b>	10.00
- Basic (₹)		<b>2.60</b>	2.58
- Diluted (₹)		<b>2.60</b>	2.58

The accompanying Notes form an integral part of the 1-36 financial statements

As per our Report attached  
For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S  
**P.R. VITTEL**  
Partner  
Membership No.18111  
Coimbatore  
28th May 2014

**S. VENKATESH**  
Company Secretary

For and on behalf of the Board

**M. MANICKAM**  
Chairman

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director


**SAKTHI FINANCE LIMITED**
**CASH FLOW STATEMENT**

(₹ Lakhs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	2278.66	2133.04
Adjustments for:		
Add: Finance costs	7863.72	10142.38
Depreciation and amortisation expense	245.55	7259.28
Increase / (Decrease) in provision against Non Performing Assets	126.78	9392.32
Increase / (Decrease) in provision against Standard Assets	20.92	286.68
Loss / (Profit) on sale of assets	(271.10)	102.34
Loss / (Profit) on sale and redemption of long term investments	1.40	15.44
Interest received	(477.65)	(166.38)
Dividend received	(3.05)	(0.75)
<b>Operating profit before working capital changes</b>	<b>9785.23</b>	<b>9248.10</b>
(Increase) / Decrease in net Stock on Hire	(5759.47)	(6003.68)
(Increase) / Decrease in Trade receivables	284.00	(1170.59)
(Increase) / Decrease in Cash and Bank Balances	(509.73)	0.32
(Increase) / Decrease in Long Term / Short Term Loans and Advances	(2178.23)	(338.39)
Increase / (Decrease) in Other Current Liabilities	3307.33	(437.70)
<b>Cash used in operations</b>	<b>4929.13</b>	<b>1298.06</b>
Finance costs	(7863.72)	(6837.23)
Direct taxes paid	676.00	721.07
<b>Net cash used in Operating Activities</b>	<b>(A) (2258.59)</b>	<b>(4818.10)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(142.10)	(98.51)
Asset under development	(4.50)	-
Intangible Assets under Development	-	(207.51)
Sale of fixed Assets	305.49	279.97
Sale / redemption of Long Term Investments	176.00	50.00
Gross Additions / Deletions to Investments	(464.61)	0.07
Interest received	477.65	380.46
Dividend received	3.05	2.80
<b>Net cash from Investing Activities</b>	<b>(B) 350.98</b>	<b>407.28</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	-	302.70
Proceeds from Long and Short Term Borrowings	2486.76	5628.83
Dividend paid including Corporate Dividend Tax	(701.97)	(691.66)
<b>Net Cash from Financing Activities</b>	<b>(C) 1784.79</b>	<b>5239.87</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(122.82)</b>	<b>829.05</b>
Cash and cash equivalents at the beginning of the year	2527.30	1698.27
Cash and cash equivalents at the end of the year	2404.48	2527.30
Components of cash and cash equivalents at the end of the year:		
Cash on hand	1328.89	1346.35
Balance with Banks:		
- cheques, drafts on hand	766.64	576.59
- in current accounts	308.95	604.36

As per our Report attached  
For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S  
**P.R. VITTEL**  
Partner  
Membership No. 18111  
Coimbatore  
28th May 2014

For and on behalf of the Board

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director

## ANNUAL REPORT 2014

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

#### 1 Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office in Coimbatore, Tamilnadu. The equity shares of the Company are listed on Stock Exchanges at Mumbai and Chennai.

The Company is a deposit-taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI). The Company has been classified as an Asset Financing Company by RBI. The Company is engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipments, Machineries etc.

#### 2 Significant Accounting Policies

##### a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting except for certain fixed assets which have been revalued and comply with the mandatory Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act 1956 and the guidelines issued by the Reserve Bank of India applicable to Non-Banking Financial Companies.

##### b. 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 financial statements and the results of operations during the reporting year end. Although the estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future period.

##### c. Fixed Assets

Fixed assets, other than those which have been revalued, are stated at historical cost less accumulated depreciation. The revalued fixed assets are restated at their estimated current replacement value.

##### d. Depreciation

- i) Depreciation on Fixed Assets is provided on straight line method by adopting the rates as prescribed under Schedule XIV to the Companies Act 1956.
- ii) For assets acquired costing Rs.5,000 each or below, the total cost of the asset has been depreciated.

##### e. Intangible Assets

Intangible Assets viz. Computer Software are stated at the consideration paid for its acquisition. Intangible assets are amortized based on the management's estimate of useful life of the asset. Its life is estimated to be 7 years.

##### f. Revenue Recognition

The prudential norms for Income Recognition and Provisioning for Non-performing assets as prescribed by the Reserve Bank of India for Non - Banking Financial Companies have been followed.

Accordingly, revenue recognition has been considered in the accounts on accrual basis only on those assets classified as standard assets as stated below:

- i) a) Hire purchase finance charges are recognized as income under the internal rate of return method.
- b) Interest on advances by way of loans are accounted for, to the extent accrued during the year.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

- ii) Income by way of interest on Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Income from Investments by way of dividend is recognized when the right to receive the payment is established by the balance sheet date.
- iv) Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

**g. Investments**

Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline, if any, other than temporary, in the value of investments. Current investments are carried at the lower of cost and fair value.

**h. Employee Benefits (Also refer Note 30 of Notes forming an integral part of the Financial Statements for the year ended 31st March 2014)**

**i) Defined Contribution Plans**

**1. Provident Fund (PF)**

Contributions are made periodically to the PF Commissioner, under the Employees Provident Fund Scheme, in accordance with the provisions of Employees Provident Funds and Miscellaneous Provisions Act 1952. The Company does not have any obligation other than the stipulated periodical contribution to the Provident Fund. The obligations to make a fixed and determinable amount of contributions are recognized as an expense in the year incurred.

**2. Superannuation**

The Company contributes a sum equivalent to 15% of eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contribution as an expense in the year incurred.

**ii) Defined Benefit Plans**

**Gratuity**

The Company makes annual contributions to a Fund administered by Trustees and managed by Life Insurance Corporation of India (LIC). The Company accounts its liability for gratuity based on actuarial valuation determined by LIC as at the Balance Sheet date.

**iii) Other Benefits**

Other benefits made available to employees include contributions made by the Company under (a) ESI Scheme (b) Employees Deposit Linked Insurance (c) Group Personal Accident Insurance and (d) Group Medclaim benefits. Obligations under these benefits which are in the nature of staff welfare are recognized as expense in the year in which they are incurred.

Leave salary is determined for the period of 12 months ended 31st December of each year and paid fully within the end of the accounting year, as a result of which making of provision is not necessary.

**i. Leases**

Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

**j. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders less preference dividend by the weighted average number of equity shares outstanding during the year.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

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

**k. Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act 1961.

Deferred tax liability is recognized, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of being reversed in one or more subsequent periods.

Deferred tax assets in respect of carry forward losses are recognized if there is a virtual certainty that there will be sufficient future taxable income available to offset such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to recoup the value of such assets.

**l. Stock on Hire**

Stock on hire under Hire purchase agreements including repossessed stocks on hire are stated at agreement value less instalments received.

**m. Provision as per RBI Norms**

**(i) Provision for Non Performing Assets**

Provision for non-performing assets, doubtful debts, loans and advances have been made as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

**(ii) Contingent Provision against Standard Assets**

RBI by its Notification No.DNBS.222/CGM(US)-2011 dated 17th January 2011 has issued directions to all Non-Banking Financial Companies to make a provision of 0.25% on the Standard Assets.

(₹ Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>3. SHARE CAPITAL</b>				
<b>AUTHORISED SHARE CAPITAL</b>				
Equity Shares of ₹10 each	<b>5,50,00,000</b>	<b>5,500.00</b>	5,50,00,000	5,500.00
10% Redeemable Cumulative Preference Shares of ₹100 each	<b>20,00,000</b>	<b>2,000.00</b>	20,00,000	2,000.00
		<b>7,500.00</b>		<b>7,500.00</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>				
Equity Shares of ₹10 each fully paid-up	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
10% Redeemable Cumulative Preference Shares of ₹100 each	<b>10,00,000</b>	<b>1,000.00</b>	10,00,000	1,000.00
		<b>6,000.00</b>		<b>6,000.00</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**a) Reconciliation of shares and amount outstanding at the beginning and end of the year** (₹ Lakhs)

Particulars	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
No. of Shares at the beginning of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Add : Fresh issue of Shares during the year	-	-	-	-
Number of Shares at the end of the year	<u>5,00,00,000</u>	<u>5,000.00</u>	<u>5,00,00,000</u>	<u>5,000.00</u>
<b>Redeemable Cumulative Preference Shares</b>				
No. of Shares at the beginning of the year	10,00,000	1,000.00	6,90,300	690.30
Add : Fresh issue of Shares during the year	-	-	3,09,700	309.70
Number of Shares at the end of the year	<u>10,00,000</u>	<u>1,000.00</u>	<u>10,00,000</u>	<u>1,000.00</u>

**b) The rights, preferences and restrictions attached to each class of shares:**

The Company has two classes of shares namely, Equity Shares and Redeemable Cumulative Preference Shares. The rights, preferences and restrictions attached to each class of shares are given below:

**Equity Shares**

The equity share has a par value of ₹ 10. Each holder of equity share is entitled to one vote per share. An equity shareholder has got a right to attend the General Meetings convened by the company and to receive dividend when declared. The company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to the approval of members at the ensuing Annual General Meeting, except in the case of interim dividend.

The Board of Directors at their meeting held on 28th May 2014, have recommended a dividend of ₹ 1 per share (10% on the par value of ₹ 10) for the year ended 31st March 2014. The dividend recommended is subject to the approval of members at the ensuing Annual General Meeting. The amount of per share dividend recognised as distribution to equity shareholders is ₹ **1 per share** (₹ 1 per share). The total dividend appropriation for the year ended 31st March 2014 amounts to ₹ **584.98 lakhs** including corporate dividend tax of ₹ **84.98 lakhs**.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the member.

**Redeemable Cumulative Preference Shares**

The Redeemable Cumulative Preference Shares have a par value of ₹ 100. These shares carry a fixed cumulative dividend of 10% per annum. These shares would be redeemable at par at the end of 3 years from the various dates of allotment.

The Redeemable Cumulative Preference Shares (RCPS) have the following preferential rights over the equity shareholders:

- The payment of dividend at a fixed rate; and
- The return of capital on winding up of the company.

The preference shareholders can enforce their right of getting dividend in priority over the equity shareholders only if there are profits and the directors decide to distribute them by way of dividend.

Preference shareholders have no voting right except when dividend is outstanding for more than 2 years in case of cumulative shares. But they have the right to vote on any resolution for winding up of the company or for the reduction or repayment of capital.

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### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

The Board of Directors have at their meeting held on 28th March 2014, declared an interim dividend of **₹ 10 per share**, (10% on a par value of ₹ 100 ) for the year ending 31st March 2014. The total dividend appropriation for the year ended 31st March 2014 amounts to **₹ 117 lakhs** including a corporate dividend tax of **₹ 17 lakhs**.

#### c) Details of shareholders holding more than 5% shares in the capital of the Company

Name of the Shareholder	As at 31st March 2014		As at 31st March 2013	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
ABT Limited	<b>17.45</b>	<b>87,27,400</b>	17.45	87,27,400
Sakthifinance Financial Services Limited	<b>16.22</b>	<b>81,10,000</b>	16.22	81,10,000
Avdhoot Finance and Investment Private Limited	<b>11.25</b>	<b>56,24,208</b>	11.25	56,24,208
Bridgewater Investment Corporation Limited	<b>8.90</b>	<b>44,50,000</b>	8.90	44,50,000
The Gounder and Company Auto Limited	<b>7.85</b>	<b>39,25,000</b>	7.85	39,25,000
Sakthi Financial Services (Cochin) Private Limited	<b>6.82</b>	<b>34,11,246</b>	6.82	34,11,246
<b>Redeemable Cumulative Preference Shares</b>				
Mr Jayanth Balakrishna	<b>15.00</b>	<b>1,50,000</b>	15.00	1,50,000

(₹ Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
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#### 4 . RESERVES AND SURPLUS

##### Capital Reserve

Balance as at the Opening and Closing of the year **52.61** 52.61

##### Securities Premium Account

Balance as at the Opening and Closing of the year **1,554.49** 1,554.49

##### Revaluation Reserve

Opening Balance **2,358.03** 2,599.42

Less : On disposal of Fixed Assets **255.88** 181.85

Transfer to Statement of Profit and Loss **45.94** 59.54

Closing Balance **2,056.21** 2,358.03

##### General Reserve

Balance as at the Opening and Closing of the year **1,500.00** 1,500.00

##### Statutory Reserve as per Section 45IC of the RBI Act 1934

Opening Balance **1,280.43** 1,000.46

Add : Transfer from surplus in Statement of Profit and Loss **283.15** 279.97

Closing balance **1,563.58** 1,280.43

As per the requirements of Section 45IC of the Reserve Bank of India Act 1934, a Statutory Reserve has been created at 20% of the profits after tax available for appropriation.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

Particulars	(₹ Lakhs)	
	As at 31st March 2014	As at 31st March 2013
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	1,136.52	711.95
Add : Profit after tax for the year	1,415.73	1,399.85
	<b>2,552.25</b>	2,111.80
Less: Appropriations		
Provision for Interim dividend on Preference shares (₹10/- per share)	100.00	94.93
Tax on Interim dividend on Preference Shares	17.00	15.40
Provision for Equity Dividend (₹1 per share)	500.00	500.00
Tax on Dividend - Equity Shares	84.98	84.98
Transfer to Statutory Reserve	283.15	279.97
Closing Surplus	<b>1,567.12</b>	1,136.52
<b>Total</b>	<b>8,294.01</b>	7,882.08
<b>5. Long-Term Borrowings</b>		
<b>Secured</b>		
Debentures (Refer Note 7)	1,181.65	1,477.04
Term Loans from Financial Institutions	20.00	328.00
	<b>1,201.65</b>	1,805.04
<b>Unsecured</b>		
Deposits	7,110.09	2,936.34
Sub-ordinated Debts	8,068.10	-
<b>Total</b>	<b>16,379.84</b>	4,741.38

**Nature of security and terms of repayment for Debentures**

- a) 2,88,77,57,155 Secured Redeemable Non-Convertible Debentures of the face value of ₹ 1 each and redeemable at par are secured by specified Hire Purchase receivables, 15 windmills along with land and four buildings situated at Mumbai, Coimbatore, Madurai and Chennai. The rate of interest varies from 10.25% to 10.50%; the date of redemption is reckoned at 12 to 36 months from the date of first allotment in relation to each of the series allotted upto 31st July 2010 and 15 to 36 months in relation to the series allotted from 1st August 2010 onwards.
- b) Out of the debentures mentioned above, ₹ 27,400.57 lakhs (₹ 40,372.51 lakhs), is classified as short-term borrowings and is shown under Note 7.

- c) **Term loans from Small Industries Development Bank of India (SIDBI) are secured as under:** (₹ Lakhs)

Sl. No.	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2014	Amount outstanding as on 31st March 2013
			Commence-ment date	End date				
1	500.00 (TL-IV)	12.00	10.12.2010	10.08.2013	3 mths	Hypothecation of specified Hire Purchase receivables and guarantee by two directors	-	75.80
2	1000.00 (TL-V)	13.50	01.04.2012	01.03.2015	3 mths		<b>356.00</b>	496.00

## ANNUAL REPORT 2014

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

d) **Repayment Terms for Deposits**

Deposits are repaid on maturity. The period of deposit ranges from 12 to 36 months.  
The period of Subordinated Debt is 61 months.

e) There is no default in repayment of loans and interest thereon.

Particulars	As at 31st March 2014	As at 31st March 2013
<b>6. DEFERRED TAX LIABILITIES (Net)</b>		
<b>Tax effect of items constituting deferred tax liability:</b>		
On difference between book balance and tax balance of depreciation (A)	<b>1,045.81</b>	1,098.53
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for NPA / Contingent Provision against Standard Assets	<b>118.56</b>	184.38
Provision for diminution in value of Investments	-	0.02
Brought forward business losses	<b>3.77</b>	73.41
	(B)	<u>257.81</u>
<b>Total</b>	<b>(A-B) 923.48</b>	<u>840.72</u>
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Debentures (Refer Note 5)	<b>27,400.57</b>	40,372.51
<b>From Banks</b>		
Cash Credit and Working Capital Demand Loans	<b>18,424.24</b>	14,604.00
<b>Total</b>	<b>45,824.81</b>	<u>54,976.51</u>
<b>Nature of security and Terms of repayment for Cash Credit and Working Capital Demand Loans:</b>		
a) Cash Credits and Working Capital Demand Loans from Scheduled Banks aggregating to ₹ 20100.00 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of 2 / 3 directors of the company.		
b) There is no default in repayment of loans and interest thereon.		
<b>8. Other Current Liabilities</b>		
Current Maturities of Long-Term Debt :		
- Debentures	<b>1,387.78</b>	2,342.56
- Term Loans from Financial Institutions	<b>336.00</b>	243.80
- Deposits	<b>5,837.08</b>	2,388.71
Interest accrued but not due on Deposits / NCD	<b>408.20</b>	341.01
Interest accrued and due on Bank Cash Credit	<b>60.08</b>	49.23
Unclaimed dividends	<b>122.74</b>	114.93
Unclaimed matured deposits and interest accrued thereon	<b>258.48</b>	289.64
Unclaimed matured debentures and interest accrued thereon	<b>1,611.36</b>	1,392.71
Unclaimed Interest Warrants	<b>10.32</b>	7.93
Employees related Statutory obligations	-	10.08
Advances from Customers	<b>732.16</b>	552.07

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ Lakhs)

Particulars	As at 31st March 2014	As at 31st March 2013
Security Deposits	<b>0.45</b>	0.45
Tax Deducted at source	<b>52.65</b>	40.58
Liability for Expenses	<b>486.49</b>	218.32
Other Payables	<b>8.34</b>	12.78
<b>Total</b>	<b><u>11,312.13</u></b>	<u>8,004.80</u>

- a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2014.
- b) The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.

**9. SHORT-TERM PROVISIONS**
**Provision for Employee Benefits**

Provision for bonus	<b>77.12</b>	73.04
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**Other Provisions**

Provision for Taxation (Net of Advance tax and MAT Credit)	<b>104.16</b>	-
Contingent Provision against Standard Assets	<b>196.79</b>	175.87
Provision for Non Performing Assets	<b>519.19</b>	392.41
Provision for diminution in value of Investments	<b>0.08</b>	0.08
Provision for tax on Preference dividend	-	-
Provision for proposed equity dividend	<b>500.00</b>	500.00
Provision for tax on proposed equity dividend	<b>84.98</b>	84.98
<b>Total</b>	<b><u>1,482.32</u></b>	<u>1,226.38</u>

**a) Provision as per RBI Norms**
**(i) Provision for Non Performing Assets**

Provision for non-performing assets, doubtful debts, loans and advances have been made as per the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

**(ii) Contingent Provision against Standard Assets**

The RBI by its Notification No.DNBS.222/CGM(US)-2011 dated 17th January 2011, has issued directions to all Non-Banking Financial Companies to make a provision of 0.25% on the Standard Assets. Accordingly, the company has made an incremental provision of ₹ 20.92 lakhs as at 31st March 2014.

## ANNUAL REPORT 2014

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

#### 10. FIXED ASSETS

(₹ Lakhs)

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
	As at 1.4.2013	Additions	Deletions/ Disposals	As at 31.3.2014	Upto 01.4.2013	For the year		Withdrawn on account of disposal	Upto 31.3.2014	As on 31.3.2014	As on 31.3.2013
						On Cost	On revalued amount				
<b>Tangible Assets</b>											
Land	750.92	-	43.14	<b>707.78</b>	-	-	-	-	-	<b>707.78</b>	750.92
Buildings	2,301.12	7.77	-	<b>2,308.89</b>	212.91	<b>7.95</b>	29.25	-	<b>250.11</b>	<b>2,058.78</b>	2,088.21
Plant and Machinery	92.44	1.20	-	<b>93.64</b>	53.29	<b>2.59</b>	-	-	<b>55.88</b>	<b>37.76</b>	39.15
Plant - Wind Mills	4,356.52	-	788.00	<b>3,568.52</b>	1,147.64	<b>191.26</b>	16.69	542.75	<b>812.84</b>	<b>2,755.68</b>	3,208.88
Furniture and Fixtures	128.14	12.32	-	<b>140.46</b>	108.31	<b>9.23</b>	-	-	<b>117.54</b>	<b>22.92</b>	19.83
Vehicles	69.17	18.04	12.55	<b>74.66</b>	39.16	<b>5.76</b>	-	10.65	<b>34.27</b>	<b>40.39</b>	30.01
Office Equipments	346.06	12.76	-	<b>358.82</b>	275.06	<b>17.30</b>	-	-	<b>292.36</b>	<b>66.46</b>	71.00
<b>TOTAL A</b>	<b>8,044.37</b>	<b>52.09</b>	<b>843.69</b>	<b>7,252.77</b>	<b>1,836.37</b>	<b>234.09</b>	<b>45.94</b>	<b>553.40</b>	<b>1,563.00</b>	<b>5,689.77</b>	<b>6,208.00</b>
<b>Intangible Assets</b>											
Computer Software	91.27	297.52	-	<b>388.79</b>	57.74	<b>11.46</b>	-	-	<b>69.20</b>	<b>319.59</b>	33.53
<b>TOTAL B</b>	<b>91.27</b>	<b>297.52</b>	<b>-</b>	<b>388.79</b>	<b>57.74</b>	<b>11.46</b>	<b>-</b>	<b>-</b>	<b>69.20</b>	<b>319.59</b>	<b>33.53</b>
<b>Assets Under Development</b>											
Building	-	4.50	-	<b>4.50</b>	-	-	-	-	-	<b>4.50</b>	-
Computer Software	207.51	83.01	290.52	-	-	-	-	-	-	-	207.51
<b>TOTAL C</b>	<b>207.51</b>	<b>87.51</b>	<b>290.52</b>	<b>4.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.50</b>	<b>207.51</b>
<b>Total (A + B + C)</b>	<b>8,343.15</b>	<b>437.12</b>	<b>1,134.21</b>	<b>7,646.06</b>	<b>1,894.11</b>	<b>245.55</b>	<b>45.94</b>	<b>553.40</b>	<b>1,632.20</b>	<b>6,013.86</b>	<b>6,449.04</b>
Previous year figures	8,772.99	306.03	735.87	8,343.15	1,988.31	286.69	59.54	440.43	1,894.11	6,449.04	6,784.66

An amount of ₹ 8.44 lakhs pertaining to a building, comprised in the value of Buildings, includes value of five share of ₹ 50 each in a co-operative society allotted by it (in relation to that building) under its by-laws in our company's name.

Particulars	Number	Face Value Per Unit (₹)	<b>As at 31st March 2014</b>	As at 31st March 2013
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#### 11. NON-CURRENT INVESTMENTS (At Cost)

Other than Trade : Investments in Equity Instruments

##### Quoted - Associates

Sakthi Sugars Ltd	552833	10	<b>226.10</b>	226.10
Sri Bhagavathi Textiles Ltd	5	100	<b>0.04</b>	0.04
Sri Chamundeswari Sugars Ltd	186666	10	<b>7.82</b>	7.82

##### Quoted - Others

Bannari Amman Sugars Ltd	10000	10	<b>7.60</b>	7.60
Chokani International Ltd	100	10	<b>0.02</b>	0.02
Stiles India Ltd	100	10	<b>0.02</b>	0.02
			<b>241.60</b>	241.60

##### Unquoted - Associates

ABT Industries Ltd	150000	10	<b>15.00</b>	15.00
Sakthi Beverages Ltd	125000	10	<b>12.50</b>	12.50
Sakthi Soft Drinks Pvt Ltd	30000	10	<b>3.00</b>	3.00

##### Unquoted - Others

ABT Co-operative Stores Ltd	500	10	<b>0.05</b>	0.05
			<b>30.55</b>	30.55



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2014	As at 31st March 2013
<b>NON-CURRENT INVESTMENTS (Contd..)</b>				
<b>Investment in Government Securities – Quoted</b>				
Bonds of Central and State Governments #	1139000	100	<b>1,023.99</b>	852.76
<b>Total</b>			<b>1,296.14</b>	1,124.91
Aggregate Book value of Quoted Investments			<b>1,265.59</b>	1,094.36
Aggregate Market Value of Quoted Investments			<b>1,323.62</b>	971.69
Aggregate Book value of Unquoted Investments			<b>30.55</b>	30.55
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities for ₹ 1139.97 lakhs and ₹ 22.36 lakhs interest accrued on the above investments in favour of IDBI Trusteeship Services Ltd, trustees representing the fixed deposit holders of the company.				
<b>12. LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise)				
Security Deposits (Secured, considered good)			<b>104.90</b>	85.49
Advance Payment of Income Tax (net of Provision) - relating to prior years			<b>89.59</b>	-
Other loans and advances			<b>45.97</b>	115.76
<b>Total</b>			<b>240.46</b>	201.25
<b>13. CURRENT INVESTMENTS (At Cost and Fair Value)</b>				
(Secured, Considered Good)				
Investments in Government Securities -				
<b>Quoted</b>				
Bonds of Central and State Governments #	1139000	100	<b>115.98</b>	-
<b>Total</b>			<b>115.98</b>	-
Aggregate Book Value of Quoted Investments			<b>115.98</b>	-
Aggregate Market Value of Quoted Investments			<b>115.98</b>	-
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
<b>Current investments</b>				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities for ₹ 1139.97 lakhs and ₹ 22.36 lakhs interest accrued on the above investments in favour of IDBI Trusteeship Services Ltd, trustees representing the fixed deposit holders of the company.				
<b>14. STOCK ON HIRE</b>				
Net investment in Stock on Hire			<b>75,035.05</b>	69,275.58
<b>Total</b>			<b>75,035.05</b>	69,275.58

## ANNUAL REPORT 2014

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ Lakhs)

Particulars	<b>As at 31st March 2014</b>	As at 31st March 2013
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase receivables (Stock on Hire) as on 31st March 2014 for the contracts executed are given below:

Particulars	<b>Gross</b>	<b>Net</b>
Less than one year	<b>45,740.41</b>	<b>34,655.73</b>
Later than one year and not later than 5 years	<b>49,185.18</b>	<b>40,379.32</b>
Later than 5 years	-	-
<b>Total</b>	<b>94,925.59</b>	<b>75,035.05</b>

#### 15. TRADE RECEIVABLES

(Secured, considered good unless stated otherwise)

Receivables outstanding for a period exceeding six months

- Dues from sale of Wind Power

**88.74**

372.74

Other receivables

-

-

**Total**

**88.74**

372.74

#### 16. CASH AND BANK BALANCES

##### a. Cash and Cash Equivalents

Cash on hand

**1,328.89**

1,346.35

Balance with Banks:

- Cheques, drafts on hand

**766.64**

576.59

- Current Accounts

**308.95**

604.36

##### b. Other Bank Balances

In Margin Money Deposits:

- Deposits with original maturity of more than 12 months

**503.61**

1.69

In Earmarked Accounts:

- Unpaid Dividend Accounts

**122.74**

114.93

**Total**

**3,030.83**

2,643.92

#### 17. SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless stated otherwise)

Prepaid Expenses:

- Insurance Premium

**8.48**

12.01

- Annual Maintenance Contract Payments

**0.71**

1.60

Advance Tax and TDS (Net of Provision)

-

68.93

Service Tax Credit Receivable

**7.75**

5.98

Loans and Advances to Employees

**200.59**

180.37

Other Loans and Advances:

- Secured, considered good

**81.09**

275.21

- Unsecured, considered good

**3,817.84**

2,937.11

**Total**

**4,116.46**

3,481.21

Due from an officer of the company

**3.95**

3.11

#### 18. OTHER CURRENT ASSETS

Stock on Hire of assets repossessed

**247.14**

99.25

Interest accrued on deposits

**22.36**

17.19

Stock of Stationery

**9.57**

6.78

**Total**

**279.07**

123.22

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ Lakhs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>19. INCOME FROM OPERATIONS</b>		
Income from Hire purchase operations	<b>12,644.05</b>	11,763.90
Interest from:		
- Loans and Other receipts	<b>397.99</b>	318.06
- Banks deposits	<b>22.49</b>	0.84
- Long Term Investments	<b>48.32</b>	59.85
- Current Investments	<b>8.84</b>	-
Bad debts recovery	<b>61.63</b>	62.06
<b>Total</b>	<b><u>13,183.32</u></b>	<u>12,204.71</u>
<b>20. OTHER INCOME</b>		
Income from Wind mill -Sale of Electricity	<b>317.22</b>	472.48
Dividend Income:		
- Non-Current Investments	<b>3.05</b>	2.80
Other non-operating income (net of expenses directly attributable to such income):		
- Profit on sale of fixed assets	<b>271.10</b>	167.13
- Rental income	<b>35.19</b>	24.23
- Miscellaneous income	<b>0.78</b>	0.60
<b>Total</b>	<b><u>627.34</u></b>	<u>667.24</u>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	<b>1,470.08</b>	1,544.75
Contributions to Provident and Other Funds	<b>59.54</b>	48.52
Staff Welfare Expenses	<b>171.38</b>	127.14
<b>Total</b>	<b><u>1,701.00</u></b>	<u>1,720.41</u>
<b>22. FINANCE COSTS</b>		
Interest Expense on:		
- Debentures	<b>4,309.20</b>	4,743.85
- Term Loans from Financial Institutions	<b>62.48</b>	158.01
- Cash Credit from Banks	<b>2,064.51</b>	1,710.14
- Deposits	<b>941.70</b>	515.35
- Subordinated Debts	<b>325.66</b>	-
Bank Charges	<b>118.58</b>	88.73
Other Financial Charges	<b>41.59</b>	43.20
<b>Total</b>	<b><u>7,863.72</u></b>	<u>7,259.28</u>
<b>23. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	<b>280.03</b>	335.29
Less: Transfer to Revaluation Reserve	<b>45.94</b>	59.54
	<b>234.09</b>	275.75
Add: Amortization Expenses	<b>11.46</b>	10.93
<b>Total</b>	<b><u>245.55</u></b>	<u>286.68</u>

## ANNUAL REPORT 2014

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ Lakhs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>24. OTHER EXPENSES</b>		
Rent	80.96	68.88
Rates, Taxes and Licences	62.07	58.97
Communication	55.19	50.47
Insurance	20.60	21.13
Travelling and Conveyance	354.40	304.41
Printing and Stationery	53.04	51.31
Power and Fuel	35.26	44.07
Advertisements	43.60	27.41
Auditors Remuneration		
As Auditor:		
- Audit Fee	6.00	6.00
- Tax Audit Fee	0.20	1.40
- Limited Review Fee	1.00	1.00
In Other Capacity:		
- Certification Fee	1.20	0.45
- Reimbursement of Expenses	1.93	2.75
Legal and Professional Charges	127.56	97.71
Repairs and Maintenance:		
- Buildings	64.94	57.07
- Machinery	127.37	82.89
- Other Assets	49.23	51.77
Filing Fees	3.07	2.91
Directors' Sitting Fees	3.70	4.30
Miscellaneous Expenses	85.73	90.72
Loss on Sale / Redemption of SLR Investments	1.40	-
<b>Total</b>	<b>1,178.45</b>	<b>1,025.62</b>
<b>25. PROVISIONS AND WRITE-OFF</b>		
Provision against Non-Performing Assets (Net)	70.52	68.20
Bad Debts - Trade and other receivables written off	451.84	363.28
<b>Total</b>	<b>522.36</b>	<b>431.48</b>
<b>26. COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	30.00
<b>27.</b> The Company has also extended collateral security of company's Building and Land belonging to a Director for Cash Credit/Working Capital Demand Loans availed from a bank.		
<b>28. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
Travelling	22.72	17.08
<b>29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
a. Year to which the dividend relates	2012-13	2011-12
b. No. of non-resident share holders	1	1
c. No. of shares on which dividend remittance was made	44,50,000	44,50,000
d. Amount remitted (₹ Lakhs)	44.50	44.50

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**
**30. DISCLOSURE REQUIREMENTS UNDER AS-15 – “EMPLOYEE BENEFITS”**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2014 (Gratuity)	For the year ended 31st March 2013 (Gratuity)
I	<b>Principal Actuarial Assumptions</b> (Expressed as weighted averages)		
	Discount rate	<b>8.00%</b>	8.00%
	Salary Escalation rate	<b>4.00%</b>	4.00%
	Attrition rate	<b>3.00%</b>	18.60%
	Expected rate of return on Plan Assets	<b>8.16%</b>	9.25%
II	<b>Changes in the present value of the obligation (PVO) – Reconciliation of Opening and closing balances</b>		
	PVO at the beginning of the period	<b>135.75</b>	128.30
	Interest cost	<b>10.86</b>	10.26
	Current service cost	<b>10.75</b>	10.27
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	<b>(16.48)</b>	(3.82)
	Actuarial loss / (gain) on obligation	<b>9.49</b>	(9.26)
	PVO as at the end of the period	<b>150.37</b>	135.75
III	<b>Changes in the fair value of plan assets – Reconciliation of Opening and Closing balances</b>		
	Fair value of plan Assets at the beginning of the period	<b>166.17</b>	121.15
	Expected return on plan assets	<b>13.56</b>	13.18
	Contributions	<b>0.36</b>	35.66
	Benefits paid	<b>(16.48)</b>	(3.82)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	<b>163.61</b>	166.17
IV	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	<b>13.56</b>	13.18
	Actuarial gain / (loss) on plan assets	-	-
	Actual return on plan assets	<b>13.56</b>	13.18
V	<b>Actuarial Gain / Loss recognized</b>		
	Actuarial gain / (loss) for the period– Obligation	<b>9.49</b>	9.26
	Actuarial gain / (loss) for the period– Plan Assets	-	-
	Total (gain)/ loss for the period	<b>9.49</b>	(9.26)
	Actuarial (gain) / loss recognized in the period	<b>9.49</b>	(9.26)
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2014 (Gratuity)	For the year ended 31st March 2013 (Gratuity)
VI	<b>Amounts recognized in the Balance Sheet and related analyses</b>		
	Present value of the obligation	150.37	135.75
	Fair value of Plan Assets	163.61	166.17
	Difference	(13.24)	(30.42)
	Unrecognised transitional liability	-	-
	Unrecognised past service cost - non vested benefits	-	-
	Liability recognized in the Balance Sheet	(13.24)	(30.42)
VII	<b>Expenses recognized in the Statement of Profit and Loss</b>		
	Current service cost	10.75	10.27
	Interest cost	10.86	10.26
	Expected return on plan assets	(13.56)	(13.18)
	Actuarial (gain) / loss recognized in the year	9.49	(9.26)
	Transitional liability recognized in the year	-	-
	Past service cost - (non-vested benefits)	-	-
	Past service cost - (vested benefits)	-	-
	Expenses recognized in the Statement of Profit and Loss	17.54	(1.91)
VIII	<b>Movements in the liability recognized in the Balance Sheet</b>		
	Opening net liability	(30.42)	7.15
	Expenses as above	(17.54)	(1.91)
	Contributions paid	(0.36)	(35.66)
	Closing net liability	(48.32)	(30.42)
IX	<b>Amount for the current period</b>		
	Present value of obligations	150.37	135.75
	Plan Assets	163.61	166.17
	Surplus / (Deficit)	13.24	30.42
	Experience adjustments on plan liabilities - (loss) / gain	-	-
	Actuarial (loss)/gain on obligation	(9.49)	9.26
	Experience adjustments on plan assets - (loss) / gain	-	-
X	<b>Major categories of Plan Assets</b>		
	Fund manager by insurer	100%	100%
XI	<b>Enterprise's best estimate of contribution during next year</b>	(17.54)	1.91

**31. SEGMENT REPORTING**

The Company is primarily engaged in the business of asset financing. This, in the context of Accounting Standard -17 on Segment Reporting, notified by the Companies (Accounting Standards) Rules 2006, is considered to constitute a single primary segment.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**32. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2014**
**Relationships**

A	Enterprises in which the key management personnel and their relatives have significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. Sakthi Realty Holdings Ltd. N Mahalingam & Co Nachimuthu Industrial Association Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Sugars Ltd. Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. The Gounder and Company Auto Ltd.
B	Key Management Personnel	Sri M Balasubramaniam, Vice Chairman and Managing Director
C	Relatives of Key Management Personnel	Dr N Mahalingam, Father Smt M Mariammal, Mother Dr M Manickam, Brother Sri M Srinivaasan, Brother Smt Vinodhini Balasubramaniam, Wife

**Transactions / Material Transactions with Related Parties made during the year (₹ Lakhs)**

SI No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>1</b>	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	4.40	-	-	<b>4.40</b>	4.37
	ABT Industries Ltd.	13.84	-	-	<b>13.84</b>	12.81
	<b>Dividend Income</b>					
	ABT Industries Ltd.	1.80	-	-	<b>1.80</b>	1.80
<b>2</b>	<b>Expenses</b>					
	Purchase of fuel					
	N.Mahalingam & Co	22.71	-	-	<b>22.71</b>	35.09
	<b>Repairing of vehicles</b>					
	ABT Ltd.	-	-	-	-	0.38
	<b>Rent paid</b>					
	M.Balasubramaniam	-	2.40	-	<b>2.40</b>	2.40
	M. Srinivaasan	-	-	0.60	<b>0.60</b>	0.60

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### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ Lakhs)

SI No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2014	For the year ended 31st March 2013
	<b>Resource Mobilisation Charges</b> Sakthifinance Financial Services Ltd.	41.17	-	-	<b>41.17</b>	-
	<b>Printing charges</b> Nachimuthu Industrial Association	16.07	-	-	<b>16.07</b>	12.70
	<b>Deputation Charges</b> Sakthifinance Financial Services Ltd.	144.01	-	-	<b>144.01</b>	228.44
	<b>Remuneration</b> M.Balasubramaniam	24.16	-	-	<b>24.16</b>	25.43
	<b>Commission</b> M.Balasubramaniam	24.22	-	-	<b>24.22</b>	22.16
	<b>Sitting Fees</b> M.Manickam	-	-	0.40	<b>0.40</b>	0.50
	M.Srinivaasan	-	-	0.80	<b>0.80</b>	0.70
<b>3</b>	<b>Liabilities for Expenses Payable:</b>					
	Sakthi Sugars Ltd.	0.34	-	-	<b>0.34</b>	0.73
	N. Mahalingam and Co.	2.37	-	-	<b>2.37</b>	3.70
	Nachimuthu Industrial Association	1.99	-	-	<b>1.99</b>	1.70

### 33. LEASES

In case of assets taken on lease:

The Company has taken various office premises under operating lease. The lease payments recognised in the Statement of Profit and Loss is **₹ 68.28 Lakhs** (₹ 68.27 Lakhs).

### 34. EARNINGS PER SHARE

(₹ Lakhs)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Profit after tax (A)	<b>1,415.73</b>	1,399.85
Less: Preference dividend	<b>117.00</b>	110.33
Profit after Preference dividend	<b>1,298.73</b>	1,289.52
Weighted average number of equity shares (B)	<b>5,00,00,000</b>	5,00,00,000
The nominal value per equity share (₹)	<b>10.00</b>	10.00
Earnings per share – Basic (₹) (A/B)	<b>2.60</b>	2.58
– Diluted (₹) (A/B)	<b>2.60</b>	2.58



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**35. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT-ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS 2007** (₹ Lakhs)

SI No	Particulars	Amount Outstanding	Amount overdue
	<b>LIABILITIES SIDE</b>		
(1)	<b>Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures: – Secured	<b>31,714.70</b>	–
	– Unsecured (Other than falling within the meaning of Public deposit)	–	–
	(b) Deferred Credits	–	–
	(c) Term Loans	<b>358.90</b>	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	<b>13,480.51</b>	<b>258.48 #</b>
	(g) Subordinated Debts	<b>8,068.10</b>	–
	(g) Other Loans - Cash Credit	<b>18,481.43</b>	–
(2)	<b>Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>		
	(a) In the form of unsecured debentures	–	–
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c) Other Public deposits	<b>13,480.51</b>	<b>258.48 #</b>
	(d) Subordinated Debts	<b>8,068.10</b>	–
	# represents unclaimed deposits		
(3)	<b>ASSETS SIDE</b>		
	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)</b>		Amount Outstanding
	(a) Secured		<b>521.28</b>
	(b) Unsecured		<b>3,834.79</b>
(4)	<b>Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>		
	(i) Lease Assets including lease rentals under Sundry Debtors		–
	(a) Financial Lease		–
	(b) Operational Lease		–
	(ii) Stock on Hire including Hire charges under Sundry Debtors		<b>75,035.05</b>
	(a) Stock on Hire		<b>247.14</b>
	(b) Repossessed Assets		–
	(iii) Other Loans counting towards AFC Activities		–
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	<b>Break-up of Investments</b>		Amount Outstanding
	Current Investments:		
	(1) Quoted		–
	(i) Shares: (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of Mutual Funds		–
	(iv) Government Securities		–
	(v) Others		–

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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ Lakhs)

Sl. No.	Particulars	Amount Outstanding		
(5)	(2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others Long Term Investments: (1) Quoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others (2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others	— — — — — — <b>241.60</b> — — — <b>1,139.97</b> — <b>30.55</b> — — — — —		
(6)	<b>Borrower group-wise classification of assets financed as in 3 and 4 above</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	(1) Related Parties			
	(a) Subsidiaries	—	—	—
	(b) Companies in the same group	—	—	—
	(c) Other related parties	—	—	—
	(2) Other than related parties	75,284.28	6,360.45	81,644.73
	<b>Total</b>	<b>75,284.28</b>	<b>6,360.45</b>	<b>81,644.73</b>
(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>			
	Category	Market Value / Break up or fair value or NAV		Book value (Net of provisions)
	(1) Related Parties			
	(a) Subsidiaries		—	—
	(b) Companies in the same group		—	—
	(c) Other related parties		<b>129.15</b>	<b>261.46</b>
	(2) Other than related parties		<b>1,225.02</b>	<b>1,150.58</b>
	<b>Total</b>		<b>1,354.17</b>	<b>1,412.04</b>
(8)	<b>Other Information</b>			
	Particulars	Amount		
	(1) Gross Non-performing Assets			
	(a) Related parties	—		
	(b) Other than related parties	<b>909.81</b>		
	(2) Net Non-Performing Assets			
	(a) Related parties	—		
	(b) Other than related parties	<b>390.63</b>		
	(3) Assets acquired in satisfaction of debt	—		



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

36. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

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As per our Report attached  
For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S

**P.R. VITTEL**  
Partner  
Membership No. 18111

Coimbatore  
28th May 2014

For and on behalf of the Board

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director

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**FOR HOLDERS OF SHARES IN PHYSICAL FORM**

SKDC Consultants Limited  
(Unit: Sakthi Finance Limited)  
"Kanapathy Towers" Third Floor, 1391/A-1, Sathy Road  
Ganapathy, Coimbatore - 641 006

**NATIONAL ELECTRONIC FUND TRANSFER (NEFT) - MANDATE FORM**

- 1. Shareholder's Name : \_\_\_\_\_
- 2. Folio Number : \_\_\_\_\_
- 3. Number of Shares : \_\_\_\_\_
- 4. Bank Name : \_\_\_\_\_
- 5. Branch Name, Address and Telephone No. : \_\_\_\_\_
- 6. Bank Account Number (10-Digit or more number only) : \_\_\_\_\_
- 7. Account type [Please tick ✓] : 

a) S.B.	b) Current	c) Cash Credit/OD
---------	------------	-------------------
- 8. 9-Digit Code Number of the Bank & Branch appearing on the MICR cheque issued by the Bank : \_\_\_\_\_
- 9. 11-Digit IFS Code : 

--	--	--	--	--	--	--	--	--	--	--	--
- 10. Contact Number : 

--	--	--	--	--	--	--	--	--	--	--	--

I agree to avail the NEFT introduced by RBI with respect to payment of dividend to me.  
I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Sakthi Finance Limited responsible.

Date ..... Signature of the Sole/First Shareholder

(Please attach (i) self-attested photocopies of any two of your Passport / PAN Card / Driving License / Voter's Identity Card towards proof of identification and (ii) a blank cancelled cheque or photocopy of a cheque issued by your Bank for verification of the 9-digit code Number provided above)

**FOR THE ATTENTION OF HOLDERS OF SHARES IN PHYSICAL FORM**

It is advised that the shares may be dematerialized with any of the depository participants at the earliest. This will be convenient for the holders of shares to effect any transfer or transmission instantly. For transfer of shares held in physical form, procedure will be long-drawn and the buyers do not generally opt for physical shares while purchasing, as the transaction cannot take place through the Stock Exchanges. Hence in the interest of the share holders, the company strongly recommends for dematerializing the shares with any of the depository participants.

Meanwhile, for the holders of shares in physical form, to provide faster credit of dividend to their account, such holders of shares are advised to provide information in the appended form.

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**E-MAIL ADDRESS REGISTRATION FORM**

(In terms of Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs, Government of India)

(For shareholders who hold shares in physical form)

**SKDC Consultants Limited  
(Unit: Sakthi Finance Limited)**

"Kanapathy Towers"  
Third Floor, 1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006

I/We, Member(s) of Sakthi Finance Limited, hereby give my/our consent to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow them to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate it to you.

Folio No.	
Name of the Sole/First Shareholder	
E-mail address (to be registered)	

Place :

Date :

(Signature of Sole / First Shareholder)

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government:

- a. members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- b. members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form given in Page No.49 of this Annual Report to SKDC Consultants Limited, Registrars and Share Transfer Agents, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.

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## BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
<b>TAMILNADU</b>						
Coimbatore	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	4236200
Coimbatore South	641 005	No.17, S.R.Iyer Layout, Ramanathapuram, Trichy Road			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No. 29/30, Dr Radhakrishnan Salai, Mylapore.,			044	28114286
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, SBI ATM Opp.,			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex Bagalur Road			04344	241142
Kallakurichi	606 202	P88/B-17, B18, Putru Mariamman Koil St, Durgam Road			04151	223567
Kancheepuram	631 501	14/69, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 001	19/ 4 & 5, L M Complex , 100 Feet Road			04565	237204
Kumbakonam	612 001	Anna Ice Cream Builing, No.1-E II Floor, Dr.Besent Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex 41/A Annur Main Road			04254	224686
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road Opp to Old Post Office			04286	275125
Perambalur	621 212	140/2A3, 3B7A, II Floor, Ruckmani Srinivasan Complex			04328	225570
Pollachi	642 002	No.102, Coimbatore Main Road			04259	225002
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 007	116, K.R.Square, Omalur Main Road			0427	2318840
Sivakasi	626 189	I Floor, 1445A, Gnanagiri Road			04562	277226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road Union Bank Upstairs, P.C. Patti			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum High Road			0462	2502989
Tirupur	641 601	14/59, K.P.N Colony II Street, Near L.G. Service Centre			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2765969
Tuticorin	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977
Vellore	632 004	80 - 62, Bangalore Road			0416	2224653
<b>KERALA</b>						
Alapuzha	688 561	No. AMCW 20/115, 2nd Floor, Ambalapuzha			0477	2260111
Ernakulam	682 016	Room No: 101 - B, Land Mark Enclave, No. 39/3633-B, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings II Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB - 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 001	Arryattuparambil Building, Sastri Road			0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp. Civil Supplies Corporation	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.8/386-D, 1st Floor, NH 49, Kottayil Buildings Velloorkunnam, Market PO			0485	2812465
Ottapalam	679 101	JRJ Complex & Enterprises, Near Bus Stand, Main Road			0466	2246055
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade Ward No.18, Building No.303 (4), Kottaramattam			04822	210930
Palakkad	678 001	N.S.Towers, 14/280 (16) New Stadium Bus Stand			0491	2548137
Pathanamthitta	689 645	PMC IX/1128(1) 10(E), II Floor, Aban Arcade Ring Road, Near Bus Stand			0468	2224300
Sulthanbathery	673 592	B.No.586A 28SBP, 2nd Floor, Aiswarya Athulya Theatre Road			0493	6221616
Thrissur	680 001	Damodaran & Sons Complex, Round West			0487	2335023
Vadakara	673 101	No.25/125-A, Elite Building, 2nd Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2275985
<b>KARNATAKA</b>						
Bengaluru	560 001	No.204, II Floor, No. 92, Kedia Arcade, Infantry Road			080	25583365
Mangaluru	575 002	Door No.213, II Floor, Mangalore Shalimar Gate Bypass Road, Near Kankanady Bus Stand			0824	2434811
<b>MAHARASHTRA</b>						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
<b>ANDHRA PRADESH</b>						
Rajahmundry	533 103	79-16-12/2, III Floor, E & S Reddy Complex Tilak Road Beh. Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59 - 14 - 5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	530 016	No.49-24-51, A 6, First Floor, Flat No. 101-A, Pavan Estate, Shankaramadam Road	0891	2550060	0891	2550060
<b>PUDUCHERRY</b>	603 001	94, Kamaraj Salai			0413	2213786
<b>NEW DELHI</b>	110 005	No. 2142/47, Second Floor, Gurudwara Road, Karol Bagh			011	25753646

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