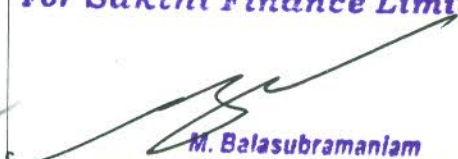
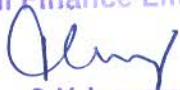




**☐ SAKTHI FINANCE**  
**AN EDIFICE BUILT ON TRUST**

**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 2015
3	Type of observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by:	
	1. CEO / Managing Director	<p style="text-align: center;"><i>2/2</i></p> <p style="text-align: center;"><b>For Sakthi Finance Limited</b></p> <p style="text-align: center;">  <b>M. Balasubramaniam</b>  <b>Vice Chairman and Managing Director</b></p>
	2. Chief Financial Officer	<p style="text-align: center;"><b>For Sakthi Finance Limited</b></p> <p style="text-align: center;">  <b>S. Veluswamy</b>  <b>Chief Financial Officer</b></p>
	3. Auditor of the Company	<p style="text-align: center;"><b>For P.N. Raghavendra Rao &amp; Co.,</b>  <b>Chartered Accountants</b></p> <p style="text-align: center;">  <b>CA-Pon Arul Paraneedharan</b>  <b>Partner</b></p>
	4. Audit Committee Chairman	<p style="text-align: center;"><b>Membership No : 212860</b>  <b>Firm Reg No : 003328S</b></p> <p style="text-align: center;"><b>For SAKTHI FINANCE LIMITED</b></p> <p style="text-align: center;">  <b>DIRECTOR</b></p>

**Sakthi Finance Limited**

62, Dr. Nanjappa Road Coimbatore - 641 018 | T: 0422 2231471/4 | F: 0422 2231915 | W: www.sakthifinance.com

CIN : L65910TZ1955PLC000145

 **SAKTHIFINANCE**

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AN EDIFICE BUILT ON TRUST

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58<sup>th</sup> ANNUAL  
REPORT | 2015

# SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

## BOARD OF DIRECTORS

Dr. M. Manickam *Chairman*  
Sri. M. Balasubramaniam  
*Vice Chairman and Managing Director*  
Sri. M. Srinivaasan  
Sri. A. Shanmugasundaram  
Dr. A. Selvakumar  
Sri. P.S. Gopalakrishnan  
Smt. Priya Bhansali  
Sri. K.P. Ramakrishnan

## CHIEF FINANCIAL OFFICER

Dr. S. Veluswamy

## 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 INSTITUTION

The Tamilnadu Industrial Investment  
Corporation Limited

## 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

## DEBENTURE TRUSTEE

GDA Trusteeship Limited  
GDA House, First Floor, Plot No. 85  
S.No. 94 & 95S, Bhusari Colony (Right)  
Kothrud, Pune - 411 038  
Tel : (020) 25280081  
Fax : (020) 25280275  
E-mail : dt@gdatrustee.com

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# SAKTHI FINANCE LIMITED

## BOARD'S REPORT

To the Members

Your Directors are pleased to present their 58th Annual Report together with the audited accounts of the company for the financial year ended 31st March 2015.

### FINANCIAL PERFORMANCE

(₹ lakhs)

Particulars	2014-15	2013-14
<b>Profit before tax</b>	<b>2128.96</b>	2278.66
Less: Provision for Taxation		
- Current Tax	<b>806.18</b>	780.17
- Deferred tax	<b>(259.09)</b>	82.76
- Net Provision for tax (earlier years)	<b>(2.77)</b>	-
<b>Profit after tax</b>	<b>1584.64</b>	1415.73
Surplus brought forward from last year	<b>1567.12</b>	1136.52
<b>Amount available for appropriation</b>	<b>3151.76</b>	2552.25
<b>Appropriations</b>		
Transfer to Statutory Reserve	<b>316.93</b>	283.15
Dividend on Preference Shares	<b>100.76</b>	100.00
Tax on preference Dividend	<b>20.15</b>	17.00
Proposed Dividend on Equity Shares	<b>500.00</b>	500.00
Tax on Proposed Equity Dividend	<b>101.81</b>	84.98
<b>Balance carried over to Balance Sheet</b>	<b>2112.11</b>	1567.12
<b>Total</b>	<b>3151.76</b>	2552.25

### BUSINESS

During the year, the company disbursed ₹ 50266 lakh in hire purchase operations as against ₹ 48629 lakh during the previous financial year. The collection efficiency continues to be very good. Your directors are hopeful of better business volumes and profitability in the years to come.

There is no change in the Company's nature of business.

### DIVIDEND

#### Preference Shares

The Board of Directors have, at their meeting held on 31st March 2015, 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 2015 amounting to ₹ 100 lakh.

Further, the Board of Directors at their meeting held on 30th May 2015 recommended a *pro rata* dividend @ 10% on the 10% Redeemable Cumulative Preference Shares (new) allotted during the year (₹0.14 on 4,29,550 Preference shares and ₹0.05 on 3,18,000 preference shares) amounting to ₹0.76 lakh.

#### 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 2015.

### ISSUE OF PREFERENCE SHARES (NEW)

During the current year, 7,47,550 10% Redeemable Cumulative Preference Shares of ₹100 each have been issued on private placement basis aggregating to ₹747.55 lakh. Further 6,90,300 10% Redeemable Cumulative Preference Shares of ₹100 each which were issued on private placement basis on 31st March 2012 aggregating to ₹690.30 lakh has been redeemed out of the proceeds of the fresh issue of preference shares.

## ANNUAL REPORT 2015

As at 31st March 2015, the company has a paid-up preference capital of 10,57,250 10% Redeemable Cumulative Preference Shares of ₹100 each aggregating to ₹1057.25 lakh.

### DEPOSITS

The total deposits with the company as at 31st March 2015 stood at ₹16513 lakh as against ₹12880 lakh for the corresponding previous year.

As at the end of the financial year, 923 public deposits amounting to ₹467.24 lakh were due for repayment but remained unclaimed. The Company has been reminding the depositors regularly about the maturity and out of the said deposits, 428 deposits amounting to ₹256.08 lakhs have since been claimed and repaid / renewed as per their instructions.

### PUBLIC ISSUE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES FOR ₹ 100 CRORE

During the year, the Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹100 each aggregating to ₹100 crore. The NCD issue opened on 27th February 2015 and closed on 19th March 2015. The Company made allotment of 1,00,00,000 NCDs to the applicants on 1st April 2015. The NCDs have been listed and admitted for trading on BSE Limited with effect from 7th April 2015.

### VOLUNTARY DELISTING FROM MADRAS STOCK EXCHANGE LIMITED

At present, our company's equity shares are listed on BSE Limited.

Madras Stock Exchange Limited (MSE) by its letter dated 12th June 2014 informed that SEBI had proposed to issue order for the de-recognition of MSE as MSE failed to achieve the prescribed trading turnover of Rs.1000 crore on a continuous basis at any time for the past two years. In view of this, MSE requested all Companies whose equity shares are listed on its exchange, to delist the equity shares from MSE.

In view of the above, the Board of Directors at their meeting held on 9th August 2014 approved the proposal for voluntary delisting of its equity shares from MSE, by complying with SEBI (Delisting of Equity Shares) Regulations 2009.

On our application, the MSE approved to remove the name of the company from the list of Listed Securities of the MSE with effect from 5th December 2014. The equity shares of the Company will continue to be listed on BSE.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. Dr.N.Mahalingam, Promoter of the Company passed away on 2nd October 2014. He was the Chairman of the Company for more than 3 decades. His advice and guidance immensely benefitted the company in its growth and adherences to good corporate practices. His overall contribution is immeasurable to the group as a whole and our company in particular. We pledge to follow his high standards in conduct of the business and in all activities.
2. Sri S Ragothaman, Independent Director resigned from the Board with effect from 14th January 2015. The Board wish to place on record the very valuable contributions made by him during his tenure of office.

#### 3. Retiring by rotation

In accordance with the provisions of Section 152(6), Sri M Srinivaasan (DIN: 00102387) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for reappointment. The Board recommends his reappointment.

#### 4. Appointment

Smt. Priya Bhansali (DIN:00195848) has been appointed as an Additional Director (Non-executive Independent Director) under Section 161 of the Companies Act 2013 with effect from 31st March 2015.

Similarly, Sri K P Ramakrishnan (DIN:07029959) has been appointed as an Additional Director (Non-executive Independent Director) under Section 161 of the Companies Act 2013 with effect from 30th May 2015.

## SAKTHI FINANCE LIMITED

As Additional Directors, they hold office up to the date of the ensuing Annual General Meeting. The Company has received notices as per Section 160(1) of the Companies Act 2013 from members proposing their appointment as Independent Directors for a period of 5 years commencing from the conclusion of the forthcoming Annual General Meeting. The Board recommends their appointment as Independent Directors.

### **5. Reappointment of Sri M Balasubramaniam as Managing Director**

The present term of office of Sri M Balasubramaniam, Managing Director is valid up to 28th September 2015. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 7th August 2015, approved his reappointment for a further period of 5 years with effect from 29th September 2015. A resolution relating to his reappointment is placed before the members for their approval at the ensuing Annual General Meeting.

The profiles of the Director's retiring by rotation, Additional Directors and the Managing Director, as required under Clause 49 of the Listing Agreement entered into with Stock Exchange, is given in the Annexure to the Notice of the 58th Annual General Meeting.

### **6. Changes in Key Managerial Personnel**

Sri M K Vijayaraghavan, Chief Financial Officer (CFO) of the Company resigned with effect from 30th September 2014. The Board placed on record its appreciation for the valuable services rendered by him during his tenure as CFO.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Dr S Veluswamy, Senior President (Operations) as CFO of the Company with effect from 1st October 2014.

Pursuant to Section 203 of the Companies Act 2013, Sri M Balasubramaniam, Managing Director, Dr S Veluswamy, Chief Financial Officer and Sri S Venkatesh, Company Secretary were appointed as Key Managerial Personnel (KMP) of the Company.

### **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. The details of policy on remuneration is given in the Corporate Governance Report.

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

The company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 and the rules framed under it.

During the financial year 2014-15, the company has not received any complaint on sexual harassment.

## ANNUAL REPORT 2015

### **DISCLOSURES REQUIRED UNDER THE COMPANIES ACT 2013 AND THE LISTING AGREEMENT**

The information required to be disclosed under the Companies Act 2013 and the Listing Agreement is set out in the **Annexure-I** and forms part of this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act 2013, your directors confirm, to the best of their knowledge and belief, that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

### **BOARD EVALUATION**

The performance evaluation of the Board, its Committees and individual directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

Directors, who were designated, held separate discussions with each of the Directors of the Company and obtained their feedback on overall Board effectiveness as well as each of the other Directors.

Based on the questionnaire and feedback, the performance of every director was evaluated in the meeting of the Nomination and Remuneration Committee (NRC). The meeting of NRC also reviewed performance of the Managing Director on goals (quantitative and qualitative) set at the beginning of the year in April 2015.

A separate meeting of the Independent Directors ("Annual ID meeting") was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman. Post the Annual ID meeting, the collective feedback of each of the Independent Directors was discussed by the Chairman of the NRC with the Board's Chairman covering performance of the Board as a whole, performance of the non-independent directors and performance of the Board Chairman.

Some of the key criteria for performance evaluation are as follows:

Performance evaluation of Directors:

- Attendance at Board / Committee Meetings
- Contribution at Board / Committee Meetings
- Guidance to management outside of Board / Committee meetings



## SAKTHI FINANCE LIMITED

Performance evaluation of Board and Committees:

- Degree of fulfilment of key responsibilities
- Board structure and composition
- Establishment of Committee's responsibilities
- Effectiveness of Board processes and information
- Efficacy of communication with external stakeholders

### AUDITORS

#### 1. Statutory Auditors

M/s P N Raghavendra Rao & Co (ICAI Reg.No.003328S) were appointed as statutory auditors of the Company at the 57th Annual General Meeting to hold office up to the conclusion of the 60th Annual General Meeting, subject to the annual ratification of the appointment by the members. They have confirmed their eligibility under Section 141 of the Companies Act 2013 and the rules framed under the Act for continuation of their term.

#### 2. Secretarial Auditors

The Company appointed M/s. S Krishnamurthy & Co, Practising Company Secretaries, Chennai to carry out Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year 31st March 2015 is enclosed as **Annexure- III**.

The clarification to the observations in the Secretarial Audit Report is given below:

The Company had gone in for change of accounting software from the earlier software developed in-house, to newly bought-out software. On account of the migration to the new software, the checks and balances with regard to verification of veracity of accounting figures generated with the new software took additional time. This has caused the delay in compilation of the various returns in Form Nos. NBS-1, NBS-2, NBS-3, NBS-6 and ALM being submitted to RBI periodically. The company is making efforts to stabilize the accounting operations under the new software during the current year and expects to submit the aforesaid returns within the time lines prescribed by RBI prospectively.

The Board has appointed M/s. S Krishnamurthy & Co, Practising Company Secretaries, Chennai as the Secretarial Auditors for the financial year 2015-16. Necessary consent has been received from them to act as Secretarial Auditors.

### PARTICULARS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT 2013

As required under Section 134(3)(m) of the Companies Act 2013 read with Companies (Accounts) Rules 2014 are given below:

- 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 : ₹ 49.68 lakh

The company has no employee drawing remuneration more than the limits prescribed under Section 197 of the Companies Act 2013.

### ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

7th August 2015  
Coimbatore

**M Manickam**  
Chairman



### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDIAN ECONOMIC OVERVIEW

India's Gross Domestic Product (GDP), backed by strong policy reforms and reviving global demand, is steadily moving upwards on its growth trajectory. As per the Central Statistical Organisation (CSO), the Indian economy grew by 7.30 per cent in financial year 2014-15 from 6.90 per cent in the financial year 2013-14. The major contributing factors for the growth of the GDP is services sector with mining and manufacturing also registering growth rates of 3.50 per cent and 5.40 per cent respectively.

The World Bank has predicted that India to be the fastest growing major economy and for the first time with the growth rate of 7.50 per cent during the last quarter of financial year 2014-15, will surpass China. The Finance Minister has also stated that the Indian GDP will grow to 8 per cent and will further grow to 8 to 10 per cent. The monsoon is expected to be better than last year and government investment is set to pick up with the twin deficits (fiscal and current account) and inflation under control.

#### BALANCE OF PAYMENTS POSITION

The current account deficit (CAD) has narrowed sharply to 0.20 per cent of the GDP in March 2015 quarter from 1.60 per cent in the previous quarter. The Index of Industrial Production (IIP) advanced to 3.36 per cent in April 2015 as compared to 2.53 per cent in March 2015.

The Wholesale Price Index (WPI) continues to fall and it was minus 2.36 per cent for May 2015. However Consumer Price Index (CPI) based inflation marginally rose to 5.01 per cent in May 2015 as against 4.87 per cent in April 2015 but much better as compared to 8.33 per cent in May 2014.

#### OPPORTUNITIES

The total sales of Commercial Vehicles segment declined by 8.40 per cent in the financial year 2014-15 as against last year. Sales of Medium and Heavy Commercial Vehicles (M&HCVs) grew by 15.90 per cent and that of Light Commercial Vehicles (LCVs) declined by 18.10 per cent. The Commercial Vehicle Industry is showing some signs of recovery, after a two year cycle. The Society of Indian Automobile Manufacturers Association has hoped that the Commercial Vehicle industry will see a moderate growth in 2015-16.

The decline in sales of new vehicles increases the demand for pre-owned commercial vehicles, which is the key segment of the Company. The pre-owned commercial vehicles financing market is put at an estimated size of around ₹1900 billions. As such, there is always increased opportunity to finance for pre-owned commercial vehicles, in which our company is engaged in.

As the current monsoon is expected to be better than last year, it is bound to increase the movement of agricultural commodities by Road which gives increased prospects to goods Transport industry.

#### THREATS

The maintenance cost, interest cost, food inflation pose a great challenge to vehicle operators in the matter of conserving resources. Further, the continued restrictions imposed on mining on account of environmental counts may reduce the earnings of the transport operators engaged in this segment.

#### BUSINESS OUTLOOK

The Indian Economy is set to post a growth of 8 per cent by the last quarter of this financial year. With the near normal monsoon, the agricultural sector will perform better than last year. The output of agricultural crops is also expected to be high. As such the growth in agricultural sector coupled with growth in services and manufacturing sector will improve the growth of GDP.

The outlook for NBFC sector will continue to be better as Road Transport Sector, to which NBFCs cater to, will play an increased role in helping agricultural and other sectors.

#### PERFORMANCE AND FINANCIAL REVIEW

For the financial year 2014-15, the company's Hire Purchase financing disbursements was at ₹50266 lakhs as against ₹48629 lakhs in the corresponding previous financial year. As on 31st March 2015, the total deposits with the company stood at ₹16513 lakh.

## SAKTHI FINANCE LIMITED

The gross income for the financial year 2014-15 was ₹ 15062 lakhs and the net profit after tax for the year was at ₹ 1585 lakhs. The company provided towards depreciation and amortisation an amount of ₹ 241 lakhs in the statement of profit and loss.

### **RISKS AND CONCERNS**

Our Company is also exposed 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 Risk Management Committee and Audit Committee and 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 2014-15, our Company maintained very harmonious and cordial relationship with its employees. As on 31st March 2015, there were 432 employees. Our Company's human resources philosophy is to establish and build a strong performance and competency-driven culture with higher 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 has entered into an arrangement with Kumaraguru College of Technology (KCT) for establishment of Sakthi Excellency Academy (SEA) 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.

7th August 2015  
Coimbatore

For and on behalf of the Board  
**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.*

# ANNUAL REPORT 2015

## ANNEXURE - I

### 1. EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under sub-section 3 of Section 92 of the Companies Act, 2013 (the "Act") is enclosed at **Annexure-IV** in the prescribed form MGT-9 and forms part of this Report.

### 2. NUMBER OF MEETINGS OF THE BOARD

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

### 3. INDEPENDENT DIRECTORS' DECLARATION

Sri P S Gopalakrishnan, Dr A Selvakumar, Sri A Shanmugasundaram, Smt Priya Bhansali and Sri K P Ramakrishnan who are Independent Directors, have submitted declarations that each of them meets the criteria of independence as provided in sub-section 6 of Section 149 of the Act and revised Clause 49 of the Listing Agreement. Further, there has been no change in the circumstances which may affect their status as independent directors during the year.

### 4. POLICY OF DIRECTORS' APPOINTMENT AND REMUNERATION

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

### 5. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Directors and members of the Senior Management have confirmed compliance with the code of conduct for Directors and Senior Management of the Company. A declaration to this effect has been signed by Managing Director and forms part of the Annual Report.

### 6. INTER SE RELATIONSHIP BETWEEN DIRECTORS

Except Dr M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director who are related to each other, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2 (77) of the Act and Clause 49(VIII)(E)(2) of the revised listing agreement.

### 7. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS

There has been no loans, guarantees and investments made under Section 186 of the Act during the financial year 2014-15.

### 8. TRANSACTIONS WITH RELATED PARTIES

The Company has entered into contracts/arrangements with the related parties in the ordinary course of business and these are on arm's length basis only. Hence, provisions of Section 188(1) of the Act are not applicable.

### 9. INTERNAL CONTROL

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

### 10. RISK MANAGEMENT

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

**11. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company has practice of conducting familiarization programme for the independent directors as detailed in the Corporate Governance Report which forms part of the Annual Report.

**12. VIGIL MECHANISM**

The Company has established a vigil mechanism of Directors and employees to report their genuine concerns. For details, please refer to Corporate Governance Report attached to this Report.

**13. PARTICULARS OF REMUNERATION**

The information required under Section 197 of the Act and the Rules made thereunder, in respect of the Company, is as follows:

- (a) the ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year;

Name of the Director	Ratio to Median Remuneration
Sri M Balasubramaniam Managing Director	21.06

- (b) the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Person	% increase in remuneration
Sri M Balasubramaniam, Vice Chairman and Managing Director	(4.65)
Sri M K Vijayaraghavan, Chief Financial Officer (Up to 30th September 2014) *	NA
Dr S Veluswamy, Chief Financial Officer (from 1st October 2014) *	NA
Sri S Venkatesh, Company Secretary	6.36

\* employed for only part of the year.

- (c) the percentage increase in the median remuneration of employees in the financial year  
0.15%

- (d) the number of permanent employees on the rolls of the company  
432

- (e) the explanation on the relationship between average increase in remuneration and company performance

On an average, employees received an increase of 4%. The increase in remuneration is in line with the market trends. In order to ensure that the remuneration reflects company's performance, the performance pay is linked to organizational performance.

- (f) comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Particulars	₹ lakhs
Remuneration of Key Managerial Personnel (KMP) during the financial year 2014-15 (aggregated)	74.48
Revenue from operations	15061.88
Remuneration (as % of revenue)	0.49
Profit before tax (PBT)	2128.96
Remuneration (as % of PBT)	3.50

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- (g) variations in the market capitalisation of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of the listed companies.

Particulars	Unit	As at 31st March 2015	As at 31st March 2014	Variation
Closing rate of share at BSE	₹	16.75	10.75	55.81%
EPS	₹	2.93	2.60	12.69%
Market capitalization	₹ / lac	8375.00	5375.00	55.81%
Price earnings ratio	Ratio	5.72	4.13	38.50%

- (h) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there any exceptional circumstances for increase in the managerial remuneration.

The average increase in salaries of employees other than managerial personnel in 2014-15 was 4%. Percentage increase in the managerial remuneration for the year was (1.71)%.

- (i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company (₹ Lakhs)

Particulars	Managing Director	Chief Financial Officer (aggregated)	Company Secretary
Remuneration (₹ lakhs)	46.13	17.48	10.87
Revenue (₹ lakhs)	15061.88	15061.88	15061.88
Remuneration (as % of revenue)	0.31	0.12	0.07
Profits Before Tax (PBT) (₹ lakhs)	2128.96	2128.96	2128.96
Remuneration (as % of PBT)	2.12	0.82	0.51

- (j) the key parameters for any variable component of remuneration availed by the directors  
The Managing Director is paid 1% commission on the net profits of the company. The commission is payable on the basis of net profits arrived under Section 198 of the Companies Act 2013. The non-executive directors are paid only sitting fees and are not paid any commission on net profits.

- (k) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;  
Not applicable

- (l) affirmation that the remuneration is as per the remuneration policy of the company

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate high performance. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

#### **14. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON- EXECUTIVE DIRECTORS**

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

7th August 2015  
Coimbatore

For and on behalf of the Board  
**M Manickam**  
Chairman

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2014-15**
**1. A brief outline of the Company's CSR Policy, including overview of the projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and project and Programmes**

The Company has adopted a CSR policy within the broad scope laid down in Schedule VII to the Act as projects/programs/activities, excluding activities in its normal course of business. The CSR Policy of the Company is available in the website of the company under the following link: <http://sakthifinance.com/investors/CSRPolicy>

**2. The composition of CSR Committee is given below:**

Sri P S Gopalakrishnan, Chairman  
Dr A Selvakumar, Member  
Sri M Balasubramaniam, Member

**3. Average net profits of the Company for the last three financial years: Rs 1966.79 lakhs**
**4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : Rs 39.34 lakhs**
**5. Details of CSR spent during the financial year 2014-15**

Particulars	Amount
Total amount spent for the financial year	40.05
Amount unspent, if any	NA

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

Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: (1) Local area or other (2) Specify the State and district where Projects or programs were undertaken	Amount outlay (budget) project or program wise (₹/lakh)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads (₹ / lakh)	Cumulative Expenditure up to the reporting period (₹ / lakh)	Amount spent: direct or through implementing agency
1	Appropriate sponsorship to community /social / charitable institutions of repute engaged in activities in line with our CSR Policy	Promoting education, enhancing vocational skills	Local areas and others	-	31.61	31.61	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others	-	8.44	8.44	Direct
	<b>Total CSR Spent</b>				<b>40.05</b>	<b>40.05</b>	

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

Not applicable

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

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

7th August 2015  
Coimbatore

M. Balasubramaniam  
Vice Chairman and  
Managing Director

P.S. Gopalakrishnan  
Chairman-CSR Committee



**Form No. MR-3**

**Secretarial Audit Report for the financial year ended 31st March 2015**

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

To the Members of,

Sakthi Finance Limited [CIN: L65910TZ1955PLC000145]  
62, Dr. Nanjappa Road, Coimbatore - 641018

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Sakthi Finance Limited (hereinafter called "the Company") during the financial year ended 31st March 2015 (hereinafter referred to as "the year"), in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of the books, papers, minute books and other records maintained by the Company, forms/returns filed, compliance related action taken by the Company during the year as well as after 31st March 2015 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during our conduct of the secretarial audit.

**We hereby report that:**

1. In our opinion, during the audit period covering the financial year ended on 31st March 2015, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure - A.
2. We have examined the books, papers, minute books and other records maintained by the Company and the forms/ returns filed during the year according to the applicable provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder.
  - ii. The applicable provisions of the Companies Act, 1956.
  - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
  - iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
  - v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
  - vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
    - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with clients;
    - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
    - f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - vii. Chapter IIIB of the Reserve Bank of India Act, 1934 and the directions / guidelines issued thereunder by the Reserve Bank of India (RBI).
  - viii. The Listing Agreements entered into by the Company with
    - a. BSE Limited; and
    - b. Madras Stock Exchange Limited (upto 4th December 2014).

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3. We are informed that the Company, during the year, was not required to comply with the following laws and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
  - i. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.
  - ii. Provisions of the following Regulations and Guidelines prescribed under the SEBI Act:
    - a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
    - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
  - iii. Any other law specifically applicable to the Company considering its nature of business, compliance with which we are required to report on.
4. We have not examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India as they became applicable only from 1st July 2015.
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2015 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the information and explanations provided to us, complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 2 above, to the extent applicable, subject to our observations as set out in Annexure-B to this report.

### **We further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. A woman director has also been appointed on the Board effective 31st March 2015. The changes in the composition of the Board of Directors that took place during the year were carried out in compliance with the provisions of the Act.
2. During the year:
  - i. Adequate notice was given to all directors to schedule the Board Meetings.
  - ii. Notices of Board meetings were sent at least seven days in advance.
  - iii. Agenda and detailed notes on agenda for Board meetings were sent less than seven days before the meeting as there was no statutory requirement during the year to send them seven days in advance of the meeting.
3. A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. We are informed that no director has expressed any dissenting views on any of the matters considered by the Board during the year, that were required to be captured and recorded as part of the minutes.
4. The Company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. During the year, the following specific events/actions having major bearing on the Company's affairs have taken place:
  - i. Members have, by passing special resolutions on 5th April 2014 through a postal ballot process, accorded their consent to the Board of Directors:
    - a. Under section 180(1)(c) and 180(2) of the Act to borrow upto ₹ 2,500 crores (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) over and above the aggregate of the Company's paid-up capital and free reserves; and
    - b. Under section 180(1)(a) of the Act to create charge/ mortgage/ hypothecation (in addition to the existing charge/ mortgage/ hypothecation) in favour of lenders, trustees for debentures/ bonds/ other instruments, on Company's present/ future assets to secure rupee term loans, foreign currency loans, debentures, bonds and other instruments for an aggregate value not exceeding ₹ 2,500 crores.

## SAKTHI FINANCE LIMITED

- ii. Members have, by passing special resolutions at the fifty-seventh annual general meeting held on 27th September 2014, accorded their approval for:
  - a. Issue of 20,00,000 10% Redeemable Cumulative Preference Shares of ₹ 100 each for cash at par (New RCPS) for an aggregate amount not exceeding ₹ 20 crores on private placement basis, out of which, 7,47,550 New RCPS for an aggregate amount of ₹ 7,47,55,000 were allotted.
  - b. Issue of Secured Redeemable Non-Convertible debentures for cash at par (New SRNCDs) for an aggregate amount not exceeding overall borrowing limits of the Company, on private placement basis, out of which, New SRCNCDs for an aggregate amount of ₹ 9,98,55,000 were allotted.
- iii. The Company has voluntarily delisted its equity shares from Madras Stock Exchange Limited with effect from 5th December 2014.
- iv. 6,90,300 10% Redeemable Cumulative Preference Shares of Rs.100 each (Existing RCPS) for an aggregate amount of ₹ 6,90,30,000, issued on 31st March 2012, were redeemed on 31st March 2015 out of the proceeds of the New RCPS.
- v. Public issue of 1,00,00,000 Secured Redeemable Non-Convertible Debentures of ₹ 100 each for cash at par for an aggregate amount of ₹ 100 crores was fully subscribed and allotment was made on 1st April 2015.

For S Krishnamurthy & Co.,  
Company Secretaries

K. Sriram  
Partner.

Membership No: F6312  
Certificate of Practice No: 2215

7th August 2015  
Coimbatore

### **Annexure - A to Secretarial Audit Report of even date**

To the Members of,  
Sakthi Finance Limited [CIN: L65910TZ1955PLC000145]  
62, Dr. Nanjappa Road, Coimbatore - 641018

#### **Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2015 is to be read along with this letter.**

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records produced for audit.
2. We have followed the audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also taken into consideration the compliance related action taken by the Company after 31st March 2015 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/professional opinion obtained as being in compliance with law, especially since the financial year ended 31st March 2015 was the first full financial year in which the Companies Act, 2013 became operational and also on account of the listing agreement with the stock exchanges undergoing major amendments from 1st October 2014.
5. We have verified the records on a test basis to see whether the correct facts are reflected in the secretarial records. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,  
Company Secretaries

K. Sriram  
Partner

7th August 2015  
Coimbatore

Membership No: F6312  
Certificate of Practice No: 2215

### Annexure - B to Secretarial Audit Report of even date

Sl No	Observations
1	<p>The Company has belatedly filed the following returns with Reserve Bank of India:</p> <p>(a) Quarterly returns giving details of assets and liabilities as required under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, in Form NBS-1, to be filed on or before 15th April 2014, 15th July 2014, 15th October 2014 and 15th January 2015 have been filed belatedly on 6th June 2014, 9th August 2014, 6th November 2014 and 18th February 2015 respectively;</p> <p>(b) Quarterly Statements of Capital Funds, Risk Assets, Asset Classification etc as required under the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, in Form NBS-2 to be filed on or before 15th April 2014, 15th July 2014, 15th October 2014 and 15th January 2015 have been filed belatedly on 3rd June 2014, 9th August 2014, 6th November 2014 and 18th February 2015 respectively;</p> <p>(c) Monthly Returns on Capital Market Exposure in Form NBS-6 as required under the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, to be filed on or before 7th of the succeeding month have been filed belatedly for all the 12 months;</p> <p>(d) Asset Liability Management Returns in Form ALM as required under Asset Liability Management (ALM) System for NBFCs - Guidelines, to be filed with RBI on half-yearly basis on or before 30th April 2014 and 30th October 2014 have been filed belatedly on 13th June 2014 and 24th November 2014 respectively; and</p> <p>(e) Branch Info Return as required under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are to be filed with RBI on quarterly basis. The returns to be filed on or before 10th April 2014, 10th July 2014 and 10th October 2014 have been filed belatedly on 5th May 2014, 12th July 2014 and 15th October 2014 and the return for the quarter ended 31st December 2014 which should have on or before 10th January 2015 is yet to be filed. We are informed by the Company that this need not be filed separately as the same details are furnished in Form NBS-1 also on a quarterly basis.</p>

For S Krishnamurthy & Co.,  
Company Secretaries

K. Sriram  
Partner

7th August 2015  
Coimbatore

Membership No: F6312  
Certificate of Practice No: 2215

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March 2015  
Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules 2014

**I. REGISTRATION AND OTHER DETAILS**

i	CIN	L65910TZ1955PLC000145
ii	Registration Date	30th March 1955
iii	Name of the Company	Sakthi Finance Limited
iv	Category/Sub-category of the Company	Non-banking Financial Company
v	Address of the Registered office and contact details	
	Registered Office	62, Dr Nanjappa Road Post Box No.3745, Coimbatore - 641 018 Tel: (0422) 2231471-74, 4236200 E-Mail:sakthif_info@sakthifinance.com
	Head Office (Contact Details)	As above
vi	Whether listed company	Yes
vii	Name, Address and contact details of the Registrar and Transfer Agent, if any	SKDC Consultants Limited " Kanapathy Towers" Third Floor, No.1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Tel: (0422) 6549995, 2539835-86 Fax: (0422) 2539837 E-mail: info@skdc-consultants.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Financial for Commercial Vehicles and other loans	64920 - Other Credit Granting	97.46

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company has no holding, subsidiary and associate company

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### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters (includes Promoters Group) (Promoter Group is as per the Classification shown under Clause 35 of the Listing Agreement and SEBI (SAST) Regulations 2011)</b>									
1) Indian									
a) Individual/HUF	863566	0	863566	1.73	855691	0	855691	1.71	-0.02
b) Central Govt./ State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	31251434	0	31251434	62.50	31251434	0	31251434	62.50	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (1)</b>	<b>32115000</b>	<b>0</b>	<b>32115000</b>	<b>64.23</b>	<b>32107125</b>	<b>0</b>	<b>32107125</b>	<b>64.21</b>	<b>-0.02</b>
2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0
e) Any other	0	0	0	0.00	0	0	0	0.00	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>32115000</b>	<b>0</b>	<b>32115000</b>	<b>64.23</b>	<b>32107125</b>	<b>0</b>	<b>32107125</b>	<b>64.21</b>	<b>-0.02</b>
<b>B. PUBLIC SHAREHOLDING</b>									
1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	2200	2200	0.00	0	2200	2200	0.00	0.00
c) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt. (Instr.)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>2200</b>	<b>2200</b>	<b>0.00</b>	<b>0</b>	<b>2200</b>	<b>2200</b>	<b>0.00</b>	<b>0.00</b>
2) Non Institutions									
a) Bodies corporates									
i) Indian	6992858	947877	7940735	15.88	6967805	947877	7915682	15.83	-0.05
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2237748	1660302	3898050	7.79	2361834	1597652	3959486	7.92	0.13
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	1202412	243150	1445562	2.89	1105828	243150	1348978	2.70	-0.19
c) Others (specify)									
Directors and their relatives	4000	0	4000	0.01	8175	0	8175	0.02	0.01
Non-resident Indians	11577	1600	13177	0.03	57780	1600	59380	0.12	0.09

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	0	4450000	4450000	8.90	0	4450000	4450000	8.90	0.00
Clearing Members	8201	0	8201	0.02	30969	0	30969	0.06	0.04
HUF	123075	0	123075	0.25	118005	0	118005	0.24	-0.01
<b>SUB TOTAL (B)(2):</b>	<b>10579871</b>	<b>7302929</b>	<b>17882800</b>	<b>35.77</b>	<b>10650396</b>	<b>7240279</b>	<b>17890675</b>	<b>35.78</b>	<b>0.02</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>10579871</b>	<b>7305129</b>	<b>17885000</b>	<b>35.77</b>	<b>10650396</b>	<b>7242479</b>	<b>17892875</b>	<b>35.79</b>	<b>0.02</b>
C. Shares held by Custodian for GDR and ADRs	0	0	0		0	0	0		0.00
<b>Grand Total (A+B+C)</b>	<b>42694871</b>	<b>7305129</b>	<b>50000000</b>	<b>100.00</b>	<b>42757521</b>	<b>7242479</b>	<b>50000000</b>	<b>100.00</b>	<b>0.00</b>

Note: Sri A Shanmugasundram had been treated as forming part of the Promoter Group in view of his relationship with Dr N Mahalingam. Consequent to the demise of Dr N Mahalingam on 2nd October 2014, Sri A Shanmugasundaram no longer falls within the definition of promoter group and hence his shareholding of 7875 shares is clubbed under public shareholding from the quarter ended 31st December 2014.

**(ii) Share Holding of Promoters and Promoter Group**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	
1	Dr N Mahalingam	276023	0.55	0	276023	0.55	0	0.00
2	Dr M Manickam	92813	0.19	0	92813	0.19	0	0.00
3	Sri M Balasubramaniam	192000	0.38	0	192000	0.38	0	0.00
4	Sri M Srinivaasan	251355	0.50	0	251355	0.50	0	0.00
5	Smt.M.Mariammal	36000	0.07	0	36000	0.07	0	0.00
6	Smt. Karunambal Vanavarayar	7500	0.02	0	7500	0.02	0	0.00
7	Sri A Shanmugasundaram *	7875	0.02	0	0	0.00	0	-0.02
8	ABT Limited	8727400	17.46	0	8727400	17.46	0	0.00
9	ABT Finance Limited	131162	0.26	0	131162	0.26	0	0.00
10	ABT Industries Limited	919926	1.84	1.84	919926	1.84	1.84	0.00
11	Sakthi Finance Financial Services Limited	8110000	16.22	6.78	8110000	16.22	6.78	0.00
12	Sakthi Financial Services (Cochin) Private Limited	3411246	6.82	0	3411246	6.82	0	0.00
13	Sakthi Logistic Services Limited **	5700	0.01	0	5700	0.01	0	0.00
14	Sakthi Sugars Limited	1040000	2.08	0	1040000	2.08	0	0.00
15	Sri Chamundeswari Sugars Ltd	24000	0.05	0	24000	0.05	0	0.00
16	Sri Sakthi Textiles Limited	7000	0.01	0	7000	0.01	0	0.00
17	The Gounder and Company Auto Limited	3925000	7.85	1.75	3925000	7.85	1.75	0.00
18	ABT Values Limited***	2475000	4.95	0	2475000	4.95	0	0.00
19	ABT Foundation Limited	2475000	4.95	0	2475000	4.95	0	0.00
	<b>Total</b>	<b>32115000</b>	<b>64.23</b>	<b>10.37</b>	<b>32107125</b>	<b>64.21</b>	<b>10.37</b>	<b>-0.02</b>

\* Sri A Shanmugasundaram had been treated as forming part of the Promoter Group in view of the Relationship with Dr N Mahalingam. Consequent to the demise of Dr N Mahalingam on 2nd October 2014, Sri A Shanmugasundaram no longer falls within the definition of promoter group and hence his shareholding of 7,875 shares is clubbed under public shareholding from the quarter ended 31st December 2014.

\*\* Name of this Company has been changed to "Sakthifinance Holdings Limited" with effect from 2nd September 2013.

\*\*\* Name of this Company has been changed to "Sakthi Realty Holdings Limited" with effect from 11th December 2013.



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### (iii) Change in Promoters' Shareholding\* (Specify if there is no change)

SI No	Particulars	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year - promoter and promoter group	32115000	64.23	32107125	64.21
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	The change is due to the reclassification of Sri A Shanmugasundram's shareholding under the public shareholding			
	At the end of the year - promoter and promoter group	32115000	64.23	32107125	64.21

\* includes promoter group

### (iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Avdhoot Finance and Investment Private Limited</b>				
	At the beginning of the year	5624208	11.25	5624208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5624208	11.25	5624208	11.25
2	<b>Bridgewater Investment Corporation Limited</b>				
	At the beginning of the year	4450000	8.90	4450000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	4450000	8.90	4450000	8.90
3	<b>Sakthi Management Services (Coimbatore) Limited</b>				
	At the beginning of the year	1135434	2.27	1135434	2.27
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1135434	2.27	1135434	2.27
4	<b>Grahasakthi Properties Private Ltd</b>				
	At the beginning of the year	927237	1.85	927237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	927237	1.85	927237	1.85
5	<b>B Gautham</b>				
	At the beginning of the year	213129	0.43	213129	0.43
	Sale of shares as on 30.05.2014	(45972)	(0.09)	167157	0.34
	Sale of shares as on 06.06.2014	(167157)	(0.34)	-	-
	At the end of the year	-	-	-	-

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	<b>Kushagra Gupta</b>				
	At the beginning of the year	162093	0.32	162093	0.32
	Sale of shares as on 29.08.2014	(5693)	(0.01)	156400	0.31
	Sale of shares as on 12.09.2014	(5300)	(0.01)	151100	0.30
	At the end of the year	151100	0.30	151100	0.30
7	<b>Deepender Singh Poonian</b>				
	At the beginning of the year	159917	0.32	159917	0.32
	Purchase of shares as on 06.06.2014	3484	0.01	163401	0.33
	At the end of the year	163401	0.33	163401	0.33
8	<b>Mita Dipak Shah</b>				
	At the beginning of the year	130000	0.26	130000	0.26
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	130000	0.26	130000	0.26
9	<b>Bannari Amman Sugars Limited</b>				
	At the beginning of the year	84375	0.17	84375	0.17
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	84375	0.17	84375	0.17
10	<b>ACIL Cotton Industries Limited</b>				
	At the beginning of the year	53001	0.11	53001	0.11
	Sale of shares as on 18.07.2014	(1076)	(0.002)	51925	0.104
	Sale of shares as on 25.07.2014	(19806)	(0.04)	32119	0.064
	Sale of shares as on 01.08.2014	(17095)	(0.034)	15024	0.030
	Sale of shares as on 08.08.2014	(15024)	(0.030)	-	-
	At the end of the year	-	-	-	-

**(v) Shareholding of Directors and Key Management Personnel**

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>M Manickam, Chairman</b>				
	At the beginning of the year	92813	0.19	92813	0.19
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year	92813	0.19	92813	0.19

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SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	<b>M Balasubramaniam Vice Chairman and Managing Director</b>				
	At the beginning of the year	192000	0.38	192000	0.38
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	192000	0.38	192000	0.38
3	<b>M Srinivaasan, Director</b>				
	At the beginning of the year	251355	0.50	251355	0.50
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	251355	0.50	251355	0.50
4	<b>A Shanmugasundaram, Director</b>				
	At the beginning of the year	7875	0.02	7875	0.02
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	7875	0.02	7875	0.02
5	<b>A Selvakumar, Director</b>				
	At the beginning of the year	0	0.00	300	0.00
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	300	0.00	300	0.00
6	<b>S Venkatesh, Company Secretary</b>				
	At the beginning of the year	1075	0.00	1075	0.00
	Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc)	0	0	0	0
	At the end of the year	1075	0.00	1075	0.00

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## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹ lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	47657.82	7925.63	12879.68	68463.13
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2897.21	142.47	600.83	3640.51
<b>Total (i+ii+iii)</b>	<b>50555.03</b>	<b>8068.10</b>	<b>13480.51</b>	<b>72103.64</b>
Change in indebtedness during the financial year				
Additions	19691.05	9395.75	15783.44	44870.24
Reduction	19075.30	0	11565.16	30640.46
<b>Net Change</b>	<b>615.75</b>	<b>9395.75</b>	<b>4218.28</b>	<b>14229.78</b>
Indebtedness at the end of the financial year				
i) Principal Amount	49294.61	16578.27	16512.87	82385.75
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1876.17	885.58	1185.92	3947.87
<b>Total (i+ii+iii)</b>	<b>51170.78</b>	<b>17463.85</b>	<b>17698.79</b>	<b>86333.42</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager (₹ lakhs)

Sl No	Particulars of Remuneration	Mr M Balasubramaniam, Vice Chairman and Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961	21.90
	(b) Value of perquisites u/s 17(2) of the Income tax Act 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission:	-
	as % of profit	24.23
	others (specify)	-
5	Others, please specify	-
	<b>Total</b>	<b>46.13</b>
	Ceiling as per the Act	121.16

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### B. Remuneration to other directors

(₹ Lakhs)

SI No	Particulars of Remuneration	Name of Directors						Total
		A Shanmuga sundaram	P S Gopala krishnan	Dr A Selva kumar	S Rago thaman	Priya Bhansali	K P Rama krishnan	
1	<b>Independent Directors</b>							
	(a) Fee for attending board / committee meetings	1.70	2.00	2.60	0.60	0.20	--	7.10
	(b) Commission	--	--	--	--	--	--	--
	(c) Others, please specify	--	--	--	--	--	--	--
	<b>Total (1)</b>	<b>1.70</b>	<b>2.00</b>	<b>2.60</b>	<b>0.60</b>	<b>0.20</b>	<b>--</b>	<b>7.10</b>
2	<b>Other Non-Executive Directors</b>	<b>M Manickam</b>	<b>M Srini vaasan</b>					
	(a) Fee for attending board / committee meetings	0.70	0.80					1.50
	(b) Commission	--	--					--
	(c) Others, please specify	--	--					--
	<b>Total (2)</b>	<b>0.70</b>	<b>0.80</b>					<b>1.50</b>
	<b>Total (1+2)</b>	<b>2.40</b>	<b>2.80</b>	<b>2.60</b>	<b>0.60</b>	<b>0.20</b>		<b>8.60</b>
	Total Managerial Remuneration							8.60
	Overall ceiling as per the Act							NA

Sri S Ragothaman resigned as Director of the Company with effect from 14th January 2015

Smt Priya Bhansali appointed as an Additional Director (Non-executive Independent Director) of the Company with effect from 31st March 2015

Sri K P Ramakrishnan appointed as an Additional Director (Non-executive Independent Director) of the Company with effect from 30th May 2015

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

(₹ lakhs)

SI No	Particulars of Remuneration	Key Managerial Personnel			
		Mr M K Vijayaraghavan, CFO (Part of the year)	Dr S Veluswamy, CFO (Part of the year)	Company Secretary	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961	9.22	8.26	10.87	28.35
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission:	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>9.22</b>	<b>8.26</b>	<b>10.87</b>	<b>28.35</b>

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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

 7th August 2015  
 Coimbatore

 For and on behalf of the Board  
**M Manickam**  
 Chairman

## **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 ways.

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

#### **a. Composition and Category of Directors**

The Board of Directors consist of Eight members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director and six Non-Executive Directors of which five are Independent Directors (including a women director), 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 composition of the Board is in conformity with the provisions contained in Companies Act 2013 and Clause 49 of the Listing Agreement.

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 6 Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Asset Liability Management Committee, Corporate Social Responsibility 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.

The Company has issued formal letters of appointment to the Independent Directors and the terms of their appointment are disclosed on the Company's website [www.sakthifinance.com](http://www.sakthifinance.com). These Independent Directors have confirmed that they satisfy the criteria of independence as stipulated under Section 149(6) of the Companies Act 2013.

Two Additional Directors (non-executive Independent Directors) were appointed to the Board on 31st March 2015 and on 30th May 2015 respectively and their appointments are subject to the approval of the Members at the ensuing Annual General Meeting.

During the year, the Independent Directors had a separate meeting without the participation of Non-Independent Directors and the management team.

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

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

During the financial year, six Board Meetings were held on 28th May 2014, 9th August 2014, 14th November 2014, 17th January 2015, 14th February 2015 and 31st March 2015. 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. Familiarisation programme for Independent Directors**

The familiarisation process followed by the Company includes briefing about the Board's Composition and conduct, roles, rights, responsibilities of Directors, nature of the industry, regulatory matters, details about the Company, Group and its culture. The familiarisation process is disclosed at the Company's weblink [www.sakthifinance.com/reports/SFL\\_FamiliarisationProgram\\_2015.pdf](http://www.sakthifinance.com/reports/SFL_FamiliarisationProgram_2015.pdf).

#### **d. Performance Evaluation**

In terms of the requirements of the Companies Act 2013 and Clause 49 of the Listing Agreement, the Board carried out annual performance evaluation of its own performance and performance



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of individual directors, including the Chairman, and of the Committees formed by the Board. The evaluation process is covered in the Board's report. Similarly, Independent Directors reviewed the performance of the Chairman and of the Non-Independent Directors.

### e. Code of Conduct

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

All Board Members and Senior Management personnel of the company have affirmed compliance with the Code. A declaration to this effect, signed by Vice Chairman and Managing Director is annexed. The Code has been hosted on the website of the company [www.sakthifinance.com](http://www.sakthifinance.com).

### f. Attendance and other Directorships

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

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2014-15 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	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	6	Yes	9	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	3	Yes	7	-	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Independent	None	4	Yes	1	-	-
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	4	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	4	Yes	3	1	1
Sri S Ragothaman* DIN: 00042395	Non-executive Director, Independent	None	1	No	8	3	5
Smt Praiya Bhansali** DIN: 00195848	Non-executive Director, Independent	None	1	NA	2	-	-
Sri K P Ramakrishnan*** DIN: 07029959	Non-executive Director, Independent	None	NA	NA	1	-	-

\* resigned with effect from 14.1.2015

\*\* appointed as an Additional Director on 31st March 2015

\*\*\* appointed as an Additional Director on 30th May 2015

1. excludes directorships in private limited companies and Section 25 company

2. only Audit Committee and Stakeholders' Relationship Committee of public limited companies.

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### 3. COMMITTEES OF THE BOARD

#### A. Audit Committee

##### Terms of reference

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

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 177 of the Companies Act 2013 and are as follows:

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

The committee held four meetings during the financial year on 28th May 2014, 8th August 2014, 13th November 2014 and 14th February 2015. 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 meetings of Board of Directors. The Chairman of the Audit Committee was present at the last Annual General Meeting.

**B. Nomination and Remuneration Committee**

The Company has 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.

**Terms of reference**

The terms of reference of the Committee includes the following:

1. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
2. Recommend to the Board about appointment and removal of Directors and senior management personnel.
3. Carry out evaluation of every Director's performance;
4. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
5. Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees and to ensure the following:
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - ii. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long term performance, objectives appropriate to the working of the Company and its goals.
6. Review and recommend the compensation and variable pay for Executive Directors to the Board;
7. Recommend on Board diversification

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 mandatory requirement of Clause 49 regarding Nomination and Remuneration Committee.

**Composition**

Sri S Ragothaman resigned as member with effect from 14th January 2015. The board nominated Sri A Shanmugasundaram as member of the committee. The present composition of the Nomination and Remuneration Committee is given below:

Sri P S Gopalakrishnan, Chairman

Dr A Selvakumar, Member

Sri A Shanmugasundaram, Member

The committee held three meetings during the financial year on 9th August 2014, 14th November 2014 and 31st March 2015.

**Policy on Remuneration**

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

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

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

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

The Independent Directors of the Company are not entitled for Stock Option Scheme of the Company, if any.
- B. Criteria for selection/appointment of and Remuneration to Executive Directors
- i. Criteria of selection/appointment

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

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

The remuneration of Managing Director of the Company consist of fixed remuneration and variable portion by way of commission not exceeding 1% of the net profit calculated in accordance with the Companies Act 2013.
- C. Criteria for selection/appointment of and Remuneration to Senior Management Personnel:
- Based on the criticality of the role and responsibility of the Key Managerial Personnel (KMP), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry bench mark and the current compensation trend in the market. The remuneration consists of fixed components like salaries, perquisites and a variable component comprising annual bonus, if declared. Based on the selection criteria laid as above and remuneration, the Committee identifies persons and recommends to the Board for consideration and appointment.
- In respect of other Senior Management Employees and other employees below KMPs, the Managing Director is authorised by the Nomination and Remuneration Committee to fix the remuneration based on the criticality and responsibility of the employees.
- Annual increments are given on time scale basis and further increase to deserving employees based on performance review."

**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 2013 plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-executive directors are not being paid any commission.

The details of remuneration / sitting fees paid to the executive / non-executive directors for the year 2014-15 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	--	--	--	0.70	0.70	92,813
Sri M Balasubramaniam	18.00	24.23	3.90	--	46.13	1,92,000
Sri M Srinivaasan	--	--	--	0.80	0.80	2,51,355
Sri A Shanmugasundaram	--	--	--	1.70	1.70	7,875
Dr A Selvakumar	--	--	--	2.60	2.60	300
Sri P S Gopalakrishnan	--	--	--	2.00	2.00	Nil
Sri S Ragothaman*	--	--	--	0.60	0.60	4,000
Smt Priya Bhansali**	--	--	--	0.20	0.20	Nil
Sri K P Ramakrishnan***	--	--	--	--	--	--

\* resigned w.e.f. 14th January 2015

\*\* appointed on 31st March 2015

\*\*\* appointed on 30th May 2015

**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.

**C. Stakeholders' Relationship Committee**

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

**Composition**

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

Dr M Manickam, Chairman

Sri M Balasubramaniam, Member

Dr A Selvakumar, Member

## ANNUAL REPORT 2015

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 5th July 2014, 5th September 2014 and 26th March 2015 and all the members attended the meeting.

During the year, the Company received 3 investors' 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.

### **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 has been reconstituted on 14th February 2015 consisting of the following Director / Executives:

Sri M Balasubramaniam, Vice Chairman and Managing Director - Chairman

Dr S Veluswamy, Chief Financial Officer

Sri S Senthilkumar, Assistant General Manager (Finance & Accounts)

The committee held two meetings during the financial year on 27th May 2014 and 12th November 2014 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 committee has been reconstituted on 17th January 2015 consisting of the following Directors:

Sri M Balasubramaniam - Vice Chairman and Managing Director

Dr A Selvakumar - Director

The committee held a meeting during the financial year on 24th May 2014 and all the members attended the meeting.

### **F. Corporate Social Responsibility Committee (CSR Committee)**

In line with the Companies Act 2013, the company has constituted a 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. The CSR Policy has been hosted on the website of the Company.

#### **Composition**

The CSR Committee consists of the following Directors:

Sri P S Gopalakrishnan, Chairman

Dr A Selvakumar, Member

Sri M Balasubramaniam, Member

The committee held two meetings during the financial year on 14th November 2014 and 13th March 2015 and all the members attended the meeting.

# 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
2014	57th	27th September 2014	3.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
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

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
27th September 2014 (57th AGM)	1. Private Placement of Secured Redeemable Non-convertible Debentures and / or other Debt Securities. 2. Issue of Redeemable Cumulative Preference Shares for an aggregate amount not exceeding Rs.20 crore.
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.

The company has not proposed to pass any special resolution through postal ballot in the forthcoming Annual General Meeting.

## 6. DISCLOSURES

- 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 relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company [www.sakthifinance.com](http://www.sakthifinance.com). The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its approval.
- 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.

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- 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.

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.

- d. 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 49 of the Listing Agreement relating to CEO / CFO certification, Vice Chairman and Managing Director and Chief Financial Officer have given necessary certificate to the Board for the financial year ended 31st March 2015.

### 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](http://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 / reappointment of directors are given in the Annexure to the Notice.

### 10. GENERAL SHAREHOLDER INFORMATION

#### 58th Annual General Meeting

Day, Date and Time : Monday, 28th September 2015 at 4.30 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 2015 : Before 14th August 2015

Unaudited financial results for the quarter ending Sept. 2015 : Before 14th November 2015

Unaudited financial results for the quarter ending Dec. 2015 : Before 14th February 2016

Audited financial results for the year ending March 2016 : Before 30th May 2016

Annual General Meeting for the year ending March 2016 : Before 30th September 2016

#### BOOK CLOSURE DATES

From Tuesday, 22nd September 2015 to Monday, 28th September 2015, both days inclusive.

Equity Dividend Payment Date: After 28th September 2015



**LISTING ON STOCK EXCHANGES AND STOCK CODE**
**a. Listing**

The equity shares are presently listed at BSE Limited, Mumbai. The equity shares was listed in Madras Stock Exchange Limited till 4th December 2014 and the Company has delisted its equity shares from Madras Stock Exchange Limited as requested by them. The listing fee has been paid to both the exchanges. The company has paid the annual custodial fee for the year 2014-15 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2015.

During the year, the Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹100 each aggregating to ₹100 crore. The NCD issue opened on 27th February 2015 and closed on 19th March 2015. The Company made allotment of 1,00,00,000 NCDs to the applicants on 1st April 2015. The NCDs were listed and admitted to dealings on the BSE Limited with effect from 7th April 2015, the details of which are given below:

Sl No	Options	ISIN Codes	Scrip Codes	Coupon Rate	Frequency of Interest Payment	Date of Maturity
1	I	INE302E07011	935385	11.00%	Monthly	Saturday, 1 April 2017
2	II	INE302E07029	935387	NA	Not applicable	Saturday, 1 April 2017
3	III	INE302E07037	935389	11.25%	Monthly	Sunday, 1 April 2018
4	IV	INE302E07045	935391	11.25%*	Yearly	Sunday, 1 April 2018
5	V	INE302E07052	935393	NA	Not applicable	Sunday, 1 April 2018
6	VI	INE302E07060	935395	11.50%	Monthly	Monday, 1 April 2019
7	VII	INE302E07078	935397	11.50%*	Yearly	Monday, 1 April 2019
8	VIII	INE302E07086	935399	NA	Not applicable	Monday, 1 April 2019

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

**b. The Company's Stock Codes for equity shares is as follows:**
**Stock Exchange**

BSE Limited, Mumbai

**Stock Code**

511066

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

INE302E01014

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

L65910TZ1955PLC000145

**Market Price Data**

The monthly high and low market price of the company's shares traded on BSE Limited, Mumbai for the financial year 2014-15 are furnished below:

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Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2014	11.99	10.64	22939	22198
May 2014	14.47	10.81	25376	22277
June 2014	16.05	12.91	25725	24270
July 2014	18.00	14.00	26300	24892
August 2014	26.90	13.00	26674	25233
September 2014	23.95	16.50	27355	26220
October 2014	18.15	14.25	27894	25911
November 2014	21.90	17.20	28822	27740
December 2014	19.95	17.25	28810	26469
January 2015	19.50	17.05	29844	26776
February 2015	19.00	15.00	29560	28045
March 2015	18.20	16.05	30025	27248

### 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 Share 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 Exchange, certificates, on half yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participant's) Regulations 1996, certificates have also been received from a Company Secretary in Practice:

- a. for timely dematerialization of shares of the company; and
- b. 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:

- a. Deletion of name of deceased shareholder(s), where shares are held in the name of two or more shareholders;
- b. Transmission of shares to the legal heir(s), where the deceased shareholder was sole holder;
- c. 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.

## SAKTHI FINANCE LIMITED

### Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of Securities and Exchange Board of India SEBI (Prohibition of Insider Trading) Regulations 2015 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 and other connected persons who have access to unpublished price sensitive information relating to the company.

### Unclaimed Shares Demat Suspense Account

Pursuant to 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 2015 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

### DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2015

The distribution of shareholding as at 31st March 2015 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	13129	89.45	18,43,226	3.69
501 - 1000	844	5.75	6,64,104	1.33
1001 - 2000	361	2.46	5,43,807	1.09
2001 - 3000	101	0.69	2,57,791	0.52
3001 - 4000	61	0.42	2,21,566	0.44
4001 - 5000	46	0.31	2,17,493	0.43
5001 - 10000	74	0.50	5,26,079	1.05
10001 & above	62	0.42	4,57,25,934	91.45
<b>Total</b>	<b>14,678</b>	<b>100.00</b>	<b>5,00,00,000</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS AT 31ST MARCH 2015

The shareholding pattern as at 31st March 2015 is as under:

Category	Percentage
Promoters	64.21
Other bodies corporate	15.83
Banks, Financial Institutions and mutual funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.12
Resident public	10.94
<b>Total</b>	<b>100.00</b>

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### **DEMATERIALIZATION 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). 4,27,57,521 Equity Shares of the Company constituting 85.52% of the paid-up capital were dematerialised as on 31st March 2015.

### **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 Share 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 Share 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.

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:

- No separate office is maintained for Non-executive Chairman.
- 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.
- There are no qualifications in the Auditor's Report on financial statements.
- The Company has separate persons for the posts of Chairman and Managing Director.
- The Company has appointed an external professional as internal auditor and he reports directly to the Audit Committee of the Company.

7th August 2015  
Coimbatore

For and on behalf of the Board  
**M MANICKAM**  
Chairman



**ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO  
CLAUSE 49 OF THE LISTING AGREEMENT**

As required under Clause 49 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 2015.

7th August 2015  
Coimbatore

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

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Sakthi Finance Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited ('the Company'), for the year ended on 31st March 2015, 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 a review of the procedures and implementation thereof adopted by the company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 and the representations given to us by the Directors and the Management, 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.

7th August 2015  
Coimbatore

For P N Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S  
**Pon Arul Paraneedharan**  
Partner  
Membership No:212860

## **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 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

## SAKTHI FINANCE LIMITED

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

8. As required by the Companies (Auditors' Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No.26 to the financial statements.
    - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn. No.:003328S  
Pon Arul Paraneedharan  
Partner  
Membership No.212860

Coimbatore  
30th May 2015

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### **Annexure referred to in the Independent Auditors' 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. These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) to (b) of the Companies (Auditor's Report) Order 2015 are not applicable to the company.
- iii. 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 189 of the Companies Act. Therefore, the provisions of Clause 3(iii)(a) to (b) of the Companies (Auditor's Report) Order 2015 are not applicable to the company.
- iv. 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 services rendered. During the

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course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.

- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed thereunder, wherever applicable, have been complied with. 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.
- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act 2013 for the activities of the company.
- vii. a. The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, service tax, cess and other applicable statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the disputed statutory dues (in case of income tax, sales tax, wealth tax, service tax, and cess) aggregating to ₹ 80.31 lakhs that have not been deposited on account of matters pending before appropriate authority are as under.

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	₹ 66.57	AY 2009-10	Commissioner of Income Tax (Appeals), Coimbatore
Income Tax Act, 1961	Income Tax	₹ 13.74	AY 2012-13	

- c. During the year there are no amount required to be transferred by the company to investor education and protection fund.
- viii. In our opinion, the Company's has no accumulated losses at the end of the financial year. The Company has not incurred cash losses during the year and in the immediately preceding financial year.
- ix. The company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
- x. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. Term loans availed during the year have been applied for the purpose for which the loans were obtained.
- xii. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

PON ARUL PARANEEDHARAN  
Partner  
Membership No.212860

Coimbatore  
30th May 2015



**BALANCE SHEET AS AT 31ST MARCH 2015**

(₹ Lakhs)

Particulars	Note	As at 31st March 2015	As at 31st March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	<b>6,057.25</b>	6,000.00
Reserves and Surplus	4	<b>9,106.57</b>	8,294.01
		<u><b>15,163.82</b></u>	<u>14,294.01</u>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	<b>32,988.20</b>	16,379.84
Deferred Tax Liabilities (Net)	6	<b>664.39</b>	923.48
		<u><b>33,652.59</b></u>	<u>17,303.32</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	<b>34,211.77</b>	45,824.81
Other Current Liabilities	8	<b>31,202.09</b>	11,312.13
Short-Term Provisions	9	<b>2,032.70</b>	1,482.32
		<u><b>67,446.56</b></u>	<u>58,619.26</u>
<b>TOTAL</b>		<u><b>116,262.97</b></u>	<u>90,216.59</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
- Tangible Assets		<b>5,518.93</b>	5,689.77
- Intangible Assets		<b>328.63</b>	319.59
- Capital Work-in-Progress		<b>10.84</b>	4.50
Non-Current Investments	11	<b>2,093.92</b>	1,296.14
Long-Term Loans and Advances	12	<b>641.18</b>	240.46
		<u><b>8,593.50</b></u>	<u>7,550.46</u>
<b>Current Assets</b>			
Current Investments	13	<b>312.07</b>	115.98
Stock on Hire	14	<b>87,982.60</b>	75,035.05
Trade Receivables	15	<b>132.02</b>	88.74
Cash and Bank Balances	16	<b>14,244.16</b>	3,030.83
Short-Term Loans and Advances	17	<b>4,826.20</b>	4,116.46
Other Current Assets	18	<b>172.42</b>	279.07
		<u><b>107,669.47</b></u>	<u>82,666.13</u>
<b>TOTAL</b>		<u><b>116,262.97</b></u>	<u>90,216.59</u>

The accompanying Notes form an integral part of the financial statements 1-39

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

**PON ARUL PARANEEDHARAN**  
Partner  
Membership No.212860  
Coimbatore  
30th May 2015

For and on behalf of the Board

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

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**S. VELUSWAMY**  
Chief Financial Officer

# ANNUAL REPORT 2015

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>REVENUE FROM OPERATIONS</b>			
Income from Operations	19	<b>14,678.99</b>	13,183.32
Other Income	20	<b>382.89</b>	627.34
<b>Total Revenue from Operations</b>		<b><u>15,061.88</u></b>	<b><u>13,810.66</u></b>
<b>EXPENSES</b>			
Employee Benefits Expense	21	<b>1,772.77</b>	1,701.00
Finance Costs	22	<b>9,031.73</b>	7,863.72
Depreciation and Amortization Expense	23	<b>241.21</b>	245.55
Other Expenses	24	<b>1,319.69</b>	1,178.45
Provisions and Write-off	25	<b>533.32</b>	522.36
Contingent Provision against Standard Assets		<b>34.20</b>	20.92
<b>Total Expenses</b>		<b><u>12,932.92</u></b>	<b><u>11,532.00</u></b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b><u>2,128.96</u></b>	<b><u>2,278.66</u></b>
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>2,128.96</b>	2,278.66
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>2,128.96</b>	2,278.66
Tax Expense:			
- Current Tax		<b>806.18</b>	780.17
- Deferred Tax		<b>(259.09)</b>	82.76
- Provision for Taxation (earlier years)		<b>(2.77)</b>	-
<b>Profit for the year</b>		<b><u>1,584.64</u></b>	<b><u>1,415.73</u></b>
Surplus for the year carried to Balance Sheet		<b><u>1,584.64</u></b>	<b><u>1,415.73</u></b>
<b>Earnings per Equity Share</b>			
Par Value per Equity Share (₹)	34	<b>10.00</b>	10.00
- Basic (₹)		<b>2.93</b>	2.60
- Diluted (₹)		<b>2.93</b>	2.60

The accompanying Notes form an integral part of the 1-39 financial statements

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

**PON ARUL PARANEEDHARAN**  
Partner  
Membership No.212860

Coimbatore  
30th May 2015

For and on behalf of the Board

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

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**S. VELUSWAMY**  
Chief Financial Officer

**CASH FLOW STATEMENT**

(₹ Lakhs)

Particulars	For the year ended 31st March 2015		For the year ended 31st March 2014	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	2128.96		2278.66	
Adjustments for:				
Add: Finance costs	9031.73	11160.69	7863.72	10142.38
Depreciation and amortisation expense		241.21		245.55
Increase / (Decrease) in diminution in value of Investments		154.23		-
Increase / (Decrease) in provision against Non Performing Assets		174.38		126.78
Increase / (Decrease) in provision against Standard Assets		34.20		20.92
Loss / (Profit) on sale of assets		-		(271.10)
Loss / (Profit) on sale and redemption of long term investments		(77.41)		1.40
Interest received		(673.75)		(477.65)
Dividend received		(2.60)		(3.05)
<b>Operating profit before working capital changes</b>		<b>11010.95</b>		<b>9785.23</b>
(Increase) / Decrease in net Stock on Hire	(12947.55)		(5759.47)	
(Increase) / Decrease in Trade receivables	(43.28)		284.00	
(Increase) / Decrease in Cash and Bank Balances	(11168.81)		(509.73)	
(Increase) / Decrease in Long Term / Short Term Loans and Advances	(1807.22)		(2178.23)	
Increase / (Decrease) in Other Current Liabilities	19606.77	(6360.09)	3307.33	(4856.10)
<b>Cash used in operations</b>		<b>4650.86</b>		<b>4929.13</b>
Finance costs	(9,031.73)		(7863.72)	
Direct taxes paid	625.00	(8406.73)	676.00	(7187.72)
<b>Net cash used in Operating Activities</b>	(A)	<b>(3755.87)</b>		<b>(2258.59)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		(125.39)		(142.10)
Assets under Development		(9.71)		(4.50)
Sale of fixed Assets		-		305.49
Sale / redemption of Long Term Investments		123.58		176.00
Gross Additions / Deletions to Investments		(1,194.27)		(464.61)
Interest received		673.75		477.65
Dividend received		2.60		3.05
<b>Net cash from Investing Activities</b>	(B)	<b>(529.44)</b>		<b>350.98</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital		57.25		-
Proceeds on application money received against NCD Public Issue		10631.02		-
Proceeds from Long and Short Term Borrowings		4995.32		2486.76
Dividend paid including Corporate Dividend tax		(722.74)		(701.97)
<b>Net Cash from Financing Activities</b>	(C)	<b>14960.85</b>		<b>1784.79</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>10675.54</b>		<b>(122.82)</b>
Cash and cash equivalents at the beginning of the year		2404.48		2527.30
Cash and cash equivalents at the end of the year		13080.02		2404.48
Components of cash and cash equivalents at the end of the year:				
Cash on hand		502.39		1328.89
Balance with Banks:				
- cheques, drafts on hand		1,063.24		766.64
- in current accounts		883.37		308.95
- in escrow accounts		10,631.02		-

 As per our report attached  
 For P.N. Raghavendra Rao & Co

 Chartered Accountants  
 Firm Regn. No.:003328S

**PON ARUL PARANEEDHARAN**  
 Partner

 Membership No. 212860  
 Coimbatore  
 30th May 2015

For and on behalf of the Board

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

**M. MANICKAM**  
 Chairman

**S. VENKATESH**  
 Company Secretary

**S. VELUSWAMY**  
 Chief Financial Officer

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**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 BSE Limited.

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 of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under Sec 133 of The Companies Act 2013 read with rule 70 of The Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013 as applicable and the guidance issued by Reserve Bank of India applicable to Non-Banking Financial Companies. The Financial Statements have been prepared on accrual basis under the historical cost convention, except certain fixed assets which have been revalued. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

**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 on 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. Tangible 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 replacement value at the time of revaluation.

**d. Depreciation**

Depreciation on Tangible Fixed Assets has been on the Straight Line method (SLM) as per the Useful Life prescribed in Schedule II to the Companies Act 2013.

**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 economic life of the asset, reckoned as 6 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 2015**

- 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 2015)**

**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 Medically 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

**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 2015**

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 represents unexpired Installments under Hire Purchase Finance Agreements including that in relation to repossessed Assets.

**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. Accordingly necessary provision has been made.

(₹ Lakhs)

	Particulars	As at 31st March 2015		As at 31st March 2014	
		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>10,57,250</b>	<b>1,057.25</b>	10,00,000	1,000.00
			<b>6,057.25</b>		<b>6,000.00</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**
**a) Reconciliation of shares and amount outstanding at the beginning and end of the year** (₹ Lakhs)

Particulars	As at 31st March 2015		As at 31st March 2014	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
No. of Shares at the beginning of the year	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
Add : Fresh issue of Shares during the year	-	-	-	-
Number of Shares at the end of the year	<b>5,00,00,000</b>	<b>5,000.00</b>	<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	<b>10,00,000</b>	<b>1,000.00</b>	10,00,000	1,000.00
Add : Fresh issue of Shares during the year	<b>7,47,550</b>	<b>747.55</b>	-	-
Less : Redemption of shares during the year	<b>(6,90,300)</b>	<b>(690.30)</b>	-	-
Number of Shares at the end of the year	<b>10,57,250</b>	<b>1,057.25</b>	<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 30th May 2015, have recommended a dividend of ₹ 1 per share (10% of the par value of ₹ 10) for the year ended 31st March 2015. 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 2015 amounts to **₹ 601.81 lakhs** including corporate dividend tax of **₹ 101.81 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.

During the year 7,47,550 Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 747.55 lakhs were allotted on 27/03/2015 and 30/03/2015. 6,90,300 Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 690.30 lakhs were redeemed during the year. 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 decided to distribute them by way of dividend.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Preference shareholders have no voting rights and 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.

The Board of Directors have at their meeting held on 31st March 2015, declared an interim dividend of ₹ 10 per share, (10% on a par value of ₹ 100) for the year ending 31st March 2015. The Board of Directors at their meeting held on 30th May 2015 recommended a *pro rata* dividend (₹ 0.03 per share) of 10% on RCPS of ₹ 100 allotted during the year, which is subject to the approval of members at the ensuing Annual General meeting. The total Preference Dividend including interim dividend is ₹ 120.91 lakhs, including a Corporate Dividend Tax of ₹ 20.15 lakhs.

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

Name of the Shareholder	As at 31st March 2015		As at 31st March 2014	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
ABT Limited	17.45	87,27,400	17.45	87,27,400
Sakthifinance Financial Services Limited	16.22	81,10,000	16.22	81,10,000
Avdhoot Finance and Investment Private Limited	11.25	56,24,208	11.25	56,24,208
Bridgewater Investment Corporation Limited	8.90	44,50,000	8.90	44,50,000
The Gounder and Company Auto Limited	7.85	39,25,000	7.85	39,25,000
Sakthi Financial Services (Cochin) Private Limited	6.82	34,11,246	6.82	34,11,246
<b>Redeemable Cumulative Preference Shares</b>				
Ms Jayasree Jayanth	16.23	1,71,550	-	-
Mr Jayanth Balakrishna	13.87	1,46,600	15.00	1,50,000
Sakthi Financial Services (Cochin) Private Limited	9.74	1,03,000	-	-
Ms Aashika Jayanth	5.52	58,400	-	-

(₹ Lakhs)

Particulars	As at 31st March 2015	As at 31st March 2014
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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 **2,056.21** 2,358.03

Less : Withdrawn on disposal of Fixed Assets - 255.88

Transfer to Statement of Profit and Loss **49.36** 45.94

Closing Balance **2,006.85** 2,056.21

##### General Reserve

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

##### Statutory Reserve as per Section 451C of the RBI Act 1934

Opening Balance **1,563.58** 1,280.43

Add : Transfer from surplus in Statement of Profit and Loss **316.93** 283.15

Closing balance **1,880.51** 1,563.58

As per the requirements of Section 451C 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 2015**

(₹ Lakhs)

Particulars	As at 31st March 2015	As at 31st March 2014
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	<b>1,567.12</b>	1,136.52
Add : Profit after tax for the year	<b>1,584.64</b>	1,415.73
	<b>3,151.76</b>	2,552.25
Less: Appropriations		
Provision for Interim dividend on Preference shares (₹10/- per share)	<b>100.00</b>	100.00
Tax on Interim dividend on Preference Shares	<b>20.00</b>	17.00
Provision for <i>pro rata</i> dividend on Preference shares	<b>0.76</b>	-
Tax on <i>Pro rata</i> dividend on Preference Shares	<b>0.15</b>	-
Provision for Equity Dividend (₹1 per share)	<b>500.00</b>	500.00
Tax on Dividend - Equity Shares	<b>101.81</b>	84.98
Transfer to Statutory Reserve	<b>316.93</b>	283.15
Closing Surplus	<b>2,112.11</b>	1,567.12
<b>Total</b>	<b>9,106.57</b>	8,294.01
<b>5. Long-Term Borrowings</b>		
<b>Secured</b>		
Debentures (Refer Note 7)	<b>1,382.90</b>	1,181.65
Term Loans from Financial Institutions / Other Lenders	<b>6,477.77</b>	20.00
	<b>7,860.67</b>	1,201.65
<b>Unsecured</b>		
Deposits	<b>7,663.68</b>	7,110.09
Subordinated Debts	<b>17,463.85</b>	8,068.10
<b>Total</b>	<b>32,988.20</b>	16,379.84

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

- a) 1365805890 Secured Redeemable Non-Convertible Debentures of the face value of ₹ 1 each and redeemable at par are secured by specified Hire Purchase receivables and building situated at Mumbai. 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, **₹ 9559.03 lakhs** (₹ 27400.57 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	1,000.00 (TL-V)	13.50%	01.04.2012	10.04.2015	3 mths	Hypothecation of specified Hire Purchase receivables and guarantee by two directors	<b>20.00</b>	356.00

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

d) **Term loans from Tamil Nadu Industrial Investment Corporation Ltd (TIIC) is 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	1,000.00	14.50%	01.04.2015	01.03.2018	3 mths	Hypothecation of specified Hire Purchase receivables and Land & Buildings situated at Coimbatore and Chennai and personal guarantee by three directors	<b>976.00</b>	-

e) **Term loan from other Lenders is secured as under:**

i) **Sundaram Finance Ltd**

(₹ 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	750.00	14.00%	08.06.2014	08.05.2016	-	Exclusive charge on 20 Wind Mills situated at Tirunelveli/ Tirupur Dist in Tamilnadu and also at Motugunda Village Bhavad Taluk Jam Nagar Dist,Gujarat and guarantee by a director	<b>462.97</b>	-
2	550.00	14.00%	17.08.2014	17.07.2016	-		<b>382.18</b>	-
3	300.00	14.00%	17.08.2014	17.07.2016	-		<b>208.46</b>	-

ii) **Reliance Capital Ltd**

(₹ 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	1,000.00	15.00%	01.09.2014	01.08.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	<b>699.20</b>	-
2	3,000.00	15.00%	10.03.2015	10.02.2016	-		<b>2,892.80</b>	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**
**iii) IFMR Capital Finance Pvt Ltd**

(₹ 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	1,500.00	14.00%	27.10.2014	27.09.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	<b>1,161.39</b>	-
2	1,500.00	13.50%	23.03.2015	23.02.2018	-		<b>1,465.78</b>	-
3	220.00	13.50%	27.03.2015	27.02.2018	-		<b>214.82</b>	-

**iv) Hinduja Leyland Finance Ltd**

(₹ 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	2,500.00	12.50%	07.11.2014	08.10.2017	-	Hypothecation of specified Hire Purchase receivables	<b>2,209.41</b>	-
2	1,500.00	12.50%	07.02.2015	07.04.2018	-		<b>1,433.60</b>	-
3	250.00	12.50%	07.04.2015	07.06.2018	-		<b>250.00</b>	-

**v) Mahindra & Mahindra Financial Services Ltd**

(₹ 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 2015	Amount outstanding as on 31st March 2014
			Commence-ment date	End date				
1	1,500.00	12.90%	20.04.2015	20.03.2018	-	Hypothecation of specified Hire Purchase receivables	<b>1,500.00</b>	-

**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.**

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Particulars	As at 31st March 2015	As at 31st March 2014
<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>1,031.07</b>	1,045.81
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for NPA/Contingent Provision against Standard Assets	<b>314.26</b>	118.56
Provision for fall in value of Investments	<b>52.42</b>	-
Brought forward business losses	-	3.77
	(B) <b>366.68</b>	122.33
<b>Total</b>	<b>(A-B) 664.39</b>	923.48
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Debentures (Refer Note 5)	<b>9,559.03</b>	27,400.57
<b>From Banks</b>		
Cash Credit and Working Capital Demand Loans	<b>21,759.94</b>	18,424.24
Loans from financial Institutions / Other Lenders	<b>2,892.80</b>	-
<b>Total</b>	<b>34,211.77</b>	45,824.81
<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 ₹22,600 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of two or three directors of the company.		
b) Loan from Financial Institutions/Other Lenders is secured on hypothecation of specified HP receivables along with personal guarantee of a director.		
c) There are no overdues in the above accounts.		
<b>8. Other Current Liabilities</b>		
Current Maturities of Long-Term Debt :		
- Debentures	<b>3,149.32</b>	1,387.78
- Term Loans from Financial Institutions / Other Lenders	<b>4,506.04</b>	336.00
- Deposits	<b>8,750.85</b>	5,837.08
Interest accrued but not due on Deposits / NCD	<b>946.67</b>	408.20
Interest accrued and due on Banks and Financial Institutions / Other Lenders	<b>159.79</b>	60.08
Unclaimed dividends	<b>30.67</b>	122.74
Unclaimed matured deposits and interest accrued thereon	<b>519.15</b>	258.48
Unclaimed matured debentures and interest accrued thereon	<b>1,101.63</b>	1,611.36
Unclaimed Interest Warrants	<b>2.86</b>	10.32
Advances from Customers	<b>751.12</b>	732.16
Security Deposits	<b>0.45</b>	0.45
Tax Deducted at source	<b>60.95</b>	52.65

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Particulars	<b>As at 31st March 2015</b>	As at 31st March 2014
Liability for Expenses	<b>220.98</b>	486.49
Redeemable Cumulative Preference Shares due for Redemption	<b>360.70</b>	-
Application money received against NCD Public Issue	<b>10,631.02</b>	-
Other Payables	<b>9.89</b>	8.34
<b>Total</b>	<b><u>31,202.09</u></b>	<u>11,312.13</u>

- a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2015.
- 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>35.93</b>	77.12
Provision for gratuity	<b>14.00</b>	-

**Other Provisions**

Provision for Taxation	<b>181.18</b>	104.16
Contingent Provision against Standard Assets	<b>230.99</b>	196.79
Provision for Non Performing Assets	<b>693.57</b>	519.19
Provision for diminution in value of Investments	<b>154.31</b>	0.08
Provision for Interim Dividend on Preference Shares	<b>100.00</b>	-
Provision for Tax on Interim Dividend on Preference Shares	<b>20.00</b>	-
Provision for <i>Pro rata</i> Dividend on Preference Shares	<b>0.76</b>	-
Provision for Tax on <i>Pro rata</i> Dividend on Preference Shares	<b>0.15</b>	-
Provision for proposed equity dividend	<b>500.00</b>	500.00
Provision for tax on proposed equity dividend	<b>101.81</b>	84.98
<b>Total</b>	<b><u>2,032.70</u></b>	<u>1,482.32</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 ₹ 34.20 lakhs as at 31st March 2015.

# ANNUAL REPORT 2015

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### 10. FIXED ASSETS

(₹ Lakhs)

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
	As at 1.4.2014	Additions	Deletions/ Disposals	As at 31.3.2015	Upto 01.4.2014	For the year		Withdrawn on account of disposal	Upto 31.3.2015	As on 31.3.2015	As on 31.3.2014
						On Cost	On revalued amount				
<b>Tangible Assets</b>											
Land	707.78	-	-	<b>707.78</b>	-	-	-	-	-	<b>707.78</b>	707.78
Buildings	2,308.89	13.97	-	<b>2,322.86</b>	250.11	<b>7.38</b>	43.24	-	<b>300.73</b>	<b>2,022.13</b>	2,058.78
Plant and Machinery	93.64	16.51	-	<b>110.15</b>	55.88	<b>4.36</b>	-	-	<b>60.24</b>	<b>49.91</b>	37.76
Plant - Wind Mills	3,568.52	-	-	<b>3,568.52</b>	812.84	<b>140.35</b>	6.12	-	<b>959.31</b>	<b>2,609.21</b>	2,755.68
Furniture and Fixtures	140.46	10.31	-	<b>150.77</b>	117.54	<b>4.44</b>	-	-	<b>121.98</b>	<b>28.79</b>	22.92
Vehicles	74.66	-	-	<b>74.66</b>	34.27	<b>9.83</b>	-	-	<b>44.10</b>	<b>30.56</b>	40.39
Office Equipments	358.82	21.63	-	<b>380.45</b>	292.36	<b>17.54</b>	-	-	<b>309.90</b>	<b>70.55</b>	66.46
<b>TOTAL A</b>	<b>7,252.77</b>	<b>62.42</b>	<b>-</b>	<b>7,315.19</b>	<b>1,563.00</b>	<b>183.90</b>	<b>49.36</b>	<b>-</b>	<b>1,796.26</b>	<b>5,518.93</b>	<b>5,689.77</b>
<b>Intangible Assets</b>											
Computer Software	388.79	66.35	-	<b>455.14</b>	69.20	<b>57.31</b>	-	-	<b>126.51</b>	<b>328.63</b>	319.59
<b>TOTAL B</b>	<b>388.79</b>	<b>66.35</b>	<b>-</b>	<b>455.14</b>	<b>69.20</b>	<b>57.31</b>	<b>-</b>	<b>-</b>	<b>126.51</b>	<b>328.63</b>	<b>319.59</b>
<b>Assets Under Development</b>											
Building	4.50	12.72	6.38	<b>10.84</b>	-	-	-	-	-	<b>10.84</b>	4.50
<b>TOTAL C</b>	<b>4.50</b>	<b>12.72</b>	<b>6.38</b>	<b>10.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.84</b>	<b>4.50</b>
<b>Total ( A + B + C )</b>	<b>7,646.06</b>	<b>141.49</b>	<b>6.38</b>	<b>7,781.17</b>	<b>1,632.20</b>	<b>241.21</b>	<b>49.36</b>	<b>-</b>	<b>1,927.77</b>	<b>5,858.40</b>	<b>6,013.86</b>
Previous year figures	8,343.15	437.12	1,134.21	7,646.06	1,894.11	245.55	45.94	553.40	1,632.20	6,013.86	

1. 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 the company's name. 2. Land, Buildings and Plant-Windmills were revalued as on 31st March 2011 based on a valuation report dated 9th May 2011 by an external valuer. The increase in revaluation amounted to ₹2660.09 lakhs as on 31st March 2011.

Particulars	Number	Face Value Per Unit (₹)	As at	As at
			31st March 2015 (₹ Lakhs)	31st March 2014

### 11. NON-CURRENT INVESTMENTS (At Cost)

Other than Trade : Investments in Equity Instruments

#### Quoted - Associates

Sakthi Sugars Ltd	5,52,833	10	<b>226.10</b>	226.10
Sri Bhagavathi Textiles Ltd	5	100	<b>0.04</b>	0.04
Sri Chamundeswari Sugars Ltd	1,86,666	10	<b>7.82</b>	7.82

#### Quoted - Others

Bannari Amman Sugars Ltd (sold during the year)			-	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>234.00</b>	241.60

#### Unquoted - Associates

ABT Industries Ltd	1,50,000	10	<b>15.00</b>	15.00
Sakthi Beverages Ltd	1,25,000	10	<b>12.50</b>	12.50
Sakthi Soft Drinks Pvt Ltd	30,000	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 2015**

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2015	As at 31st March 2014
<b>NON-CURRENT INVESTMENTS (Contd..)</b>				
<b>Investment in Government Securities – Quoted</b>				
Bonds of Central and State Governments #	18,14,000	100	<b>1,829.37</b>	1,023.99
<b>Total</b>			<b>2,093.92</b>	1,296.14
Aggregate Book value of Quoted Investments			<b>2,063.37</b>	1,265.59
Aggregate Market Value of Quoted Investments			<b>2,215.18</b>	1,323.62
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.				
<b>Non-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 ₹ 2141.44 lakhs and ₹ 37.10 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>206.82</b>	104.90
Advance Payment of Income Tax			<b>58.34</b>	89.59
Other loans and advances			<b>376.02</b>	45.97
<b>Total</b>			<b>641.18</b>	240.46
<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 #	3,13,000	100	<b>312.07</b>	115.98
<b>Total</b>			<b>312.07</b>	115.98
Aggregate Book Value of Quoted Investments			<b>312.07</b>	115.98
Aggregate Market Value of Quoted Investments			<b>312.07</b>	115.98
# 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 ₹ 2141.44 lakhs and ₹ 37.10 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 Receivable under Hire Purchase Finance			<b>87,982.60</b>	75,035.05
<b>Total</b>			<b>87,982.60</b>	75,035.05

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Particulars	<b>As at 31st March 2015</b>	As at 31st March 2014
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase finance receivables (Stock on Hire) for the contracts executed as on 31st March 2015 are given below:

Particulars	As at 31.03.2015		As at 31.03.2014	
	Gross	Net	Gross	Net
Less than one year	<b>53,685.45</b>	<b>40,610.92</b>	45,740.41	34,655.73
Later than one year and not later than 5 years	<b>56,968.52</b>	<b>47,371.68</b>	49,185.18	40,379.32
<b>Total</b>	<b>1,10,653.97</b>	<b>87,982.60</b>	94,925.59	75,035.05

**15. TRADE RECEIVABLES**

(Secured, considered good unless stated otherwise)

Dues from sale of Wind Power	<b>84.69</b>	14.23
Receivables outstanding for a period exceeding six months	<b>47.33</b>	74.51
Other receivables	-	-
<b>Total</b>	<b>132.02</b>	88.74

**16. CASH AND BANK BALANCES****a. Cash and Cash Equivalents**

Cash on hand	<b>502.39</b>	1,328.89
Balance with Banks:		
- Cheques, drafts on hand	<b>1,063.24</b>	766.64
- Current Accounts	<b>883.37</b>	308.95

**b. Other Bank Balances**

In Margin Money Deposits:		
- Deposits with original maturity of more than 12 months	<b>1,133.47</b>	503.61
In Earmarked Accounts:		
- Unpaid Dividend Accounts	<b>30.67</b>	122.74
- NCD Public Issue Application money in Escrow Account with Banks	<b>10,631.02</b>	-

<b>Total</b>	<b>14,244.16</b>	3,030.83
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**17. SHORT TERM LOANS AND ADVANCES**

(Unsecured, considered good unless stated otherwise)

Prepaid Expenses	<b>270.68</b>	9.19
Service Tax Credit Receivable	<b>19.32</b>	7.75
Loans and Advances to Employees	<b>248.04</b>	200.59
Other Loans and Advances:		
- Secured, considered good	<b>39.61</b>	81.09
- Unsecured, considered good	<b>4,248.55</b>	3,817.84
<b>Total</b>	<b>4,826.20</b>	4,116.46
Due from officers of the company	<b>26.43</b>	3.95

**18. OTHER CURRENT ASSETS**

Repossessed Hire purchase accounts	<b>125.98</b>	247.14
Interest accrued on deposits	<b>37.10</b>	22.36
Stock of Stationery	<b>9.34</b>	9.57
<b>Total</b>	<b>172.42</b>	279.07



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>19. INCOME FROM OPERATIONS</b>		
Income from Hire purchase operations	<b>13,938.58</b>	12,644.05
Interest from:		
- Loans and Other receipts	<b>465.18</b>	397.99
- Banks deposits	<b>68.88</b>	22.49
- Long Term Investments	<b>116.63</b>	48.32
- Current Investments	<b>23.06</b>	8.84
Bad debts recovery	<b>66.66</b>	61.63
<b>Total</b>	<b>14,678.99</b>	<b>13,183.32</b>
<b>20. OTHER INCOME</b>		
Income from Wind mill-Sale of Electricity	<b>261.74</b>	317.22
Dividend Income:		
- Non-Current Investments	<b>2.60</b>	3.05
Other non-operating income: (net of expenses directly attributable to such income)		
- Profit on sale of fixed assets	-	271.10
- Profit on Sale of Investment	<b>73.39</b>	-
- Profit on redemption of Investment	<b>4.02</b>	-
- Rental Income	<b>39.87</b>	35.19
- Miscellaneous Income	<b>1.27</b>	0.78
<b>Total</b>	<b>382.89</b>	<b>627.34</b>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	<b>1,566.27</b>	1,470.08
Contributions to Provident and Other Funds	<b>65.18</b>	59.54
Staff Welfare Expenses	<b>141.32</b>	171.38
<b>Total</b>	<b>1,772.77</b>	<b>1,701.00</b>
<b>22. FINANCE COSTS</b>		
Interest Expense on:		
- Debentures	<b>2,300.34</b>	4,309.20
- Term Loans from Financial Institutions / Other Lenders	<b>691.56</b>	62.48
- Cash Credit from Banks	<b>2,206.18</b>	2,064.51
- Deposits	<b>1,930.26</b>	941.70
- Subordinated Debts	<b>1,609.78</b>	325.66
Bank Charges	<b>190.33</b>	118.58
Other Financial Charges	<b>103.28</b>	41.59
<b>Total</b>	<b>9,031.73</b>	<b>7,863.72</b>
<b>23. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	<b>233.26</b>	280.03
Less: Transfer to Revaluation Reserve	<b>49.36</b>	45.94
	<b>183.90</b>	234.09
Add: Amortization Expense	<b>57.31</b>	11.46
<b>Total</b>	<b>241.21</b>	<b>245.55</b>
<b>24. OTHER EXPENSES</b>		
Rent	<b>84.36</b>	80.96
Rates, Taxes and Licences	<b>66.76</b>	62.07

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## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ Lakhs)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Communication	54.00	55.19
Insurance	16.80	20.60
Travelling and Conveyance	377.94	354.40
Printing and Stationery	53.62	53.04
Power and Fuel	28.32	35.26
Advertisements	19.03	43.60
Auditors Remuneration :		
As Auditor:		
-Audit Fee	6.00	6.00
-Tax Audit Fee	2.50	0.20
-Limited Review Fee	1.50	1.00
In Other Capacity:		
-Certification and representation Fee	3.33	1.20
-Reimbursement of Expenses	1.75	1.93
Legal and Professional Charges	125.05	127.56
Repairs and Maintenance on:		
-Buildings	70.30	64.94
-Machinery	88.62	127.37
-Other Assets	49.16	49.23
Filing Fees	5.01	3.07
Directors' Sitting Fees	8.60	3.70
Recognition of diminution in value of Investments	154.23	-
Expenses on Corporate Social Responsibility	46.05	-
Miscellaneous Expenses	56.76	85.73
Loss on Sale / Redemption of SLR Investments	-	1.40
<b>Total</b>	<b>1,319.69</b>	<b>1,178.45</b>
<b>25. PROVISIONS AND WRITE-OFF</b>		
Provision against Non-Performing Assets (Net)	121.82	70.52
Bad Debts - Trade and other receivables written off	411.50	451.84
<b>Total</b>	<b>533.32</b>	<b>522.36</b>
<b>26. CONTINGENT LIABILITIES</b>		
Income Tax disputes pending before Commissioner of Income Tax (Appeals) Coimbatore	80.31	-
<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	5.18	22.72
<b>29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
a. Year to which the dividend relates	2013-14	2012-13
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 2015**
**30. DISCLOSURE REQUIREMENTS UNDER AS-15 – “EMPLOYEE BENEFITS”**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2015 (Gratuity)	For the year ended 31st March 2014 (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>	3.00%
	Expected rate of return on Plan Assets	<b>8.40%</b>	8.16%
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>150.37</b>	135.75
	Interest cost	<b>12.03</b>	10.86
	Current service cost	<b>12.17</b>	10.75
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	<b>(13.32)</b>	(16.48)
	Actuarial loss / (gain) on obligation	<b>(11.21)</b>	9.49
	PVO as at the end of the period	<b>150.04</b>	150.37
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>163.61</b>	166.17
	Expected return on plan assets	<b>13.75</b>	13.56
	Contributions	-	0.36
	Benefits paid	<b>(13.32)</b>	(16.48)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	<b>164.04</b>	163.61
IV	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	<b>13.75</b>	13.56
	Actuarial gain / (loss) on plan assets	-	-
	Actual return on plan assets	<b>13.75</b>	13.56
V	<b>Actuarial Gain / Loss recognized</b>		
	Actuarial gain / (loss) for the period– Obligation	<b>11.21</b>	9.49
	Actuarial gain / (loss) for the period– Plan Assets	-	-
	Total (gain)/ loss for the period	<b>(11.21)</b>	9.49
	Actuarial (gain) / loss recognized in the period	<b>(11.21)</b>	9.49
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2015 (Gratuity)	For the year ended 31st March 2014 (Gratuity)
VI	<b>Amounts recognized in the Balance Sheet and related analysis</b>		
	Present value of the obligation	<b>150.04</b>	150.37
	Fair value of Plan Assets	<b>164.04</b>	163.61
	Difference	<b>(14.00)</b>	(13.24)
	Unrecognised transitional liability	-	-
	Unrecognised past service cost - non-vested benefits	-	-
	Liability recognized in the Balance Sheet	<b>(14.00)</b>	(13.24)
VII	<b>Expenses recognized in the Statement of Profit and Loss</b>		
	Current service cost	<b>12.17</b>	10.75
	Interest cost	<b>12.03</b>	10.86
	Expected return on plan assets	<b>(13.75)</b>	(13.56)
	Actuarial (gain) / loss recognized in the year	<b>(11.21)</b>	9.49
	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	<b>(0.76)</b>	17.54
VIII	<b>Movements in the liability recognized in the Balance Sheet</b>		
	Opening net liability	<b>(48.32)</b>	(30.42)
	Expenses as above	<b>0.76</b>	(17.54)
	Contributions paid	-	(0.36)
	Closing net liability	<b>(47.56)</b>	(48.32)
IX	<b>Amount for the current period</b>		
	Present value of obligations	<b>150.04</b>	150.37
	Plan Assets	<b>164.04</b>	163.61
	Surplus / (Deficit)	<b>14.00</b>	13.24
	Experience adjustments on plan liabilities - (loss) / gain	-	-
	Actuarial (loss)/gain on obligation	<b>11.21</b>	(9.49)
	Experience adjustments on plan assets - (loss) / gain	-	-
X	<b>Major categories of Plan Assets</b>		
	Fund manager by insurer	<b>100%</b>	100%
XI	<b>Enterprise's best estimate of contribution during next year</b>	<b>(14.00)</b>	(17.54)

### 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 2015**
**32. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2015**
**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	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 2015	For the year ended 31st March 2014
<b>1</b>	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	4.40	-	-	<b>4.40</b>	4.40
	ABT Industries Ltd.	15.58	-	-	<b>15.58</b>	13.84
	<b>Dividend Income</b>					
	ABT Industries Ltd.	1.35	-	-	<b>1.35</b>	1.80
<b>2</b>	<b>Expenses</b>					
	<b>Purchase of fuel</b>					
	N.Mahalingam and Co.	17.44	-	-	<b>17.44</b>	22.71
	<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 2015

(₹ 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 2015	For the year ended 31st March 2014
	<b>Resource Mobilisation Charges</b> Sakthifinance Financial Services Ltd.	103.07	-	-	<b>103.07</b>	41.17
	<b>Printing charges</b> Nachimuthu Industrial Association	16.76	-	-	<b>16.76</b>	16.07
	<b>Deputation Charges</b> Sakthifinance Financial Services Ltd.	74.18	-	-	<b>74.18</b>	144.01
	<b>Remuneration</b> M.Balasubramaniam	-	24.61	-	<b>24.61</b>	24.16
	<b>Commission</b> M.Balasubramaniam	-	24.23	-	<b>24.23</b>	24.22
	<b>Sitting Fees</b> M.Manickam	-	-	0.70	<b>0.70</b>	0.40
	M.Srinivaasan	-	-	0.80	<b>0.80</b>	0.80
<b>3</b>	<b>Liabilities for Expenses Payable:</b>					
	Sakthi Sugars Ltd.	0.20	-	-	<b>0.20</b>	0.34
	N. Mahalingam and Co.	2.31	-	-	<b>2.31</b>	2.37
	Nachimuthu Industrial Association	2.64	-	-	<b>2.64</b>	1.99

### 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 **₹ 80.81 Lakhs** (₹ 68.28 Lakhs).

### 34. EARNINGS PER SHARE

(₹ Lakhs)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Profit after tax (A)	<b>1,584.64</b>	1,415.73
Less: Preference dividend	<b>120.91</b>	117.00
Profit after Preference dividend	<b>1,463.73</b>	1,298.73
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>2.93</b>	2.60
– Diluted (₹) (A/B)	<b>2.93</b>	2.60

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**
**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>15,374.44</b>	–
	– Unsecured (Other than falling within the meaning of Public deposit)	–	–
	(b) Deferred Credits	–	–
	(c) Term Loans	<b>13,958.75</b>	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	<b>17,698.79</b>	<b>519.15 #</b>
	(g) Subordinated Debts	<b>17,463.85</b>	–
	(g) Other Loans - Cash Credit	<b>21,837.59</b>	–
(2)	<b>Break-up of (1)(f) and (g) 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>17,698.79</b>	<b>519.15 #</b>
	(d) Subordinated Debts	<b>17,463.85</b>	–
	# represents unclaimed deposits		
	<b>ASSETS SIDE</b>		
(3)	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)</b>		Amount Outstanding
	(a) Secured		<b>1,002.53</b>
	(b) Unsecured		<b>4,341.85</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) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		<b>87,982.60</b>
	(b) Repossessed Assets		<b>125.98</b>
	(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		<b>312.07</b>
	(v) Others		–

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ 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>234.00</b> — — — <b>1,829.37</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	88,417.55	4,341.85	92,759.40
	<b>Total</b>	<b>88,417.55</b>	<b>4,341.85</b>	<b>92,759.40</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>101.24</b>	— — <b>107.23</b>	
	(2) Other than related parties	<b>2,144.49</b>	<b>2,144.45</b>	
	<b>Total</b>	<b>2,245.73</b>	<b>2,251.68</b>	
(8)	<b>Other Information</b>			
	Particulars	Amount		
	(1) Gross Non-performing Assets (a) Related parties (b) Other than related parties	— <b>1,266.48</b>		
	(2) Net Non-Performing Assets (a) Related parties (b) Other than related parties	— <b>572.91</b>		
	(3) Assets acquired in satisfaction of debt	—		



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**
**36. DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANIES-CORPORATE GOVERNANCE (RESERVE BANK) DIRECTIONS 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2015	31.03.2014							
<b>1</b>	<b>Capital to Risk (Weighted) Assets Ratio</b>									
	i) CRAR(%)	<b>18.04</b>	21.55							
	ii) CRAR - Tier I Capital (%)	<b>10.70</b>	12.72							
	iii) CRAR - Tier II Capital (%)	<b>7.34</b>	8.83							
	iv) Amount of subordinated debt raised as Tier-II capital	<b>8,652.64</b>	7,925.63							
	v) Amount raised by issue of Perpetual Debt Instruments	-	-							
<b>2</b>	<b>Investments</b>									
	<b>i) Value of Investments</b>									
	<b>Gross Value of Investments</b>									
	a In India	<b>2,405.99</b>	1,412.12							
	b Outside India	-	-							
	<b>ii) Provisions for Diminution in value of investments</b>									
	a In India	<b>154.31</b>	0.08							
	b Outside India	-	-							
	<b>iii) Net Value of Investments</b>									
	a In India	<b>2,251.68</b>	1,412.04							
	b Outside India	-	-							
	<b>Movement of provisions held towards diminution in value of investments</b>									
	(i) Opening balance	<b>0.08</b>	0.08							
	(ii) Add : Provisions made during the year	<b>154.23</b>	-							
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-							
	(iv) Closing balance	<b>154.31</b>	0.08							
<b>3</b>	<b>Derivatives</b>									
	(i) Forward Rate Agreement / Interest Rate Swap	<b>Nil</b>	Nil							
	(ii) Exchange Traded Interest Rate (IR) Derivatives	<b>Nil</b>	Nil							
	(iii) Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:- The Company has no derivatives transactions	<b>Nil</b>	Nil							
<b>4</b>	<b>Disclosures relating to Securitisation</b>									
	(i) SPV and Minimum Retention Requirements	<b>Nil</b>	Nil							
	(ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	<b>Nil</b>	Nil							
	(iii) Details of Assignment transactions undertaken by NBFCs	<b>Nil</b>	Nil							
	(iv) Details of non-performing financial assets purchased / sold									
	a Details of non-performing financial assets purchased	<b>Nil</b>	Nil							
	b Details of Non-performing Financial Assets sold	<b>Nil</b>	Nil							
<b>5</b>	<b>Asset Liability Management Maturity pattern of certain items of Assets and Liabilities</b>									
		Upto 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Mths & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	889.27	1,040.19	1,222.40	4,062.71	1,816.62	7,481.68	-	-	16,512.87
(ii)	Advances	3,246.54	3,349.20	3,368.53	10,161.05	19,978.34	41,992.01	4,746.43	-	86,842.10
(iii)	Investments	-	151.95	-	160.12	-	110.99	283.76	1,544.86	2,251.68
(iv)	Borrowings	3,132.05	360.20	362.69	910.76	14,070.66	15,131.34	1,668.85	-	35,636.55
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2015	31.03.2014															
<b>6</b>	<b>Exposure</b>																	
	i) Exposure to Real Estate Sector	Nil	Nil															
	ii) Exposure to Capital Market	Nil	Nil															
	a Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	234.00	241.60															
	b Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-															
	c Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-															
	d Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-															
	e Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-															
	f Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-															
	g Bridge loans to companies against expected equity flows / issues	-	-															
	h All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	Total Exposure to Capital Market	234.00	241.60															
	iii) Details of financing of parent company products	Nil	Nil															
	iv) Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
	v) Unsecured Advances	752.43	1,238.16															
<b>7</b>	<b>Miscellaneous</b>																	
	i) Registration obtained from other financial sector regulators	NA	NA															
	ii) Disclosure of Penalties imposed by RBI and other regulators	Nil	Nil															
	iii) Related Party Transactions - Refer Note No.32																	
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>MA-</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>BBB</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>BBB</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA	(i)	Deposits	MA-	(ii)	Debentures	BBB	(iii)	Long-Term Borrowings	BBB	(iv)	Short-Term Borrowings	A2		
Sl No.	Particulars	ICRA																
(i)	Deposits	MA-																
(ii)	Debentures	BBB																
(iii)	Long-Term Borrowings	BBB																
(iv)	Short-Term Borrowings	A2																
	Migration of ratings during the year : NIL																	
	v) Remuneration of Directors																	
	Ref. Page No.32 of Corporate Governance Report 2015																	
	vi) Management																	
	Ref. Management and Discussion and Analysis report on Page No.7																	
	vii) Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil															

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2015	31.03.2014
<b>8</b>	<b>Other Disclosures</b>		
	i) Provisions and Contingencies		
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
	a Provisions for diminution in value of Investment	<b>154.23</b>	-
	b Provision towards NPA	<b>121.82</b>	70.52
	c Provision for Standard Assets	<b>34.20</b>	20.92
	d Provision made towards Income tax	<b>544.32</b>	862.93
	e Other Provision and Contingencies (with details)	<b>80.31</b>	-
	ii) Draw down from Reserves	<b>Nil</b>	Nil
	iii) Concentration of Deposits, Advances, Exposures and NPAs		
	a Concentration of Deposits:-		
	Total Deposits of twenty largest depositors	<b>184.02</b>	
	Percentage of Deposits of twenty largest depositors to Total Deposits	<b>1.11%</b>	
	b Concentration of Advances:-		
	Total Advances to twenty largest borrowers	<b>1,123.00</b>	
	Percentage of Advances to twenty largest borrowers to Total Advances	<b>1.27%</b>	
	c Concentration of Exposures		
	Total Exposure to twenty largest borrowers / customers	<b>2,053.28</b>	
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	<b>2.33%</b>	
	d Concentration of NPAs		
	Total Exposure to top four NPA accounts	<b>54.20</b>	
	e Sector-wise NPAs		
	Sl No. Sector	% NPAs to Total Advances in that sector	
	i) Agriculture & allied activities	-	
	ii) MSME - Engineering	<b>0.07%</b>	
	iii) Corporate borrowers - Textiles	-	
	iv) Services - Others	<b>2.83%</b>	
	v) Unsecured personal loans	-	
	vi) Auto loans - Transport	<b>1.49%</b>	
	vii) Other personal loans	-	
	f Movement of NPAs		
	i) Net NPAs to Net Advances (%)	<b>0.65%</b>	0.49%
	ii) Movement of NPAs (Gross)		
	Opening balance	<b>909.81</b>	606.82
	Additions during the year	<b>2,458.65</b>	1,191.84
	Reductions during the year	<b>2,101.98</b>	888.85
	Closing balance	<b>1,266.48</b>	909.81
	iii) Movement of Net NPAs		
	Opening balance	<b>390.63</b>	214.41
	Additions during the year	<b>1,875.27</b>	774.35
	Reductions during the year	<b>1,692.99</b>	598.13
	Closing balance	<b>572.91</b>	390.63

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2015	31.03.2014
	iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	<b>519.19</b>	392.41
	Provisions made during the year	<b>583.38</b>	417.49
	Write-off / write-back of excess provisions	<b>409.00</b>	290.71
	Closing balance	<b>693.57</b>	519.19
	v) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	<b>Nil</b>	Nil
	vi) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	<b>Nil</b>	Nil
<b>9</b>	<b>Disclosure of Complaints</b>		
	a No. of complaints pending at the beginning of the year	<b>Nil</b>	
	b No. of complaints received during the year	<b>Nil</b>	
	c No. of complaints redressed during the year	<b>Nil</b>	
	d No. of complaints pending at the end of the year	<b>Nil</b>	

**37. Corporate Social Responsibility Expenses**

As per Section 135 of the Companies Act 2013, a CSR committee has been formed by the company. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation and rural development projects. The funds were primarily utilized through the year on the sphere of activities which are specified in Schedule VII to the Companies Act 2013.

**38. Public Issue of secured Redeemable Non-Convertible Debentures (NCDs)**

During the year, the Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of Rs.100 each aggregating to Rs.100 Crores. The NCD issue opened on 27th February, 2015 and closed on 19th March, 2015. The Company made allotment of 1,00,00,000 NCDs to the applicants on 1st April, 2015. The NCDs were listed and admitted to dealings on the Stock Exchange with effect from 7th April, 2015.

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

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

For and on behalf of the Board

**PON ARUL PARANEEDHARAN**  
Partner  
Membership No. 212860  
Coimbatore  
30th May 2015

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

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

**S. VELUSWAMY**  
Chief Financial Officer

**BRANCH NETWORK**

BRANCH OFFICES		ADDRESS	FAX		PHONES	
<b>TAMILNADU</b>						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road,Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	P88/B-17, B18, Putru Mariamman Koil Street, Durgam Road			04151	223567
Kancheepuram	631 501	14/69, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 001	19/485, L M Complex, 100 Feet Road			04565	237204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E Second 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 Road			04259	225002
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 007	No.116, K.R.Square, Omalur Main Road			0427	2318840
Sivakasi	626 189	I Floor, 1445A Gngangiri 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	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2765969
Tuticorin	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977
Vellore	632 004	80 - 62, Bangalore Road			0416	2224653
<b>PUDUCHERRY</b>	603 001	94, Kamaraj Salai			0413	2213786
<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,	0495	2720414	0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation			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), Second Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Sulthan Bathery	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, Byepass 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 Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59 - 14 - 5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	560 016	No.49-24-51, A, 6, First Floor Flat No. 101-A, Pavan Estate Shankaramadam Road	0891	2550060	0891	2550060
<b>NEW DELHI</b>	110 005	No.2142/47, Sceond Floor, Gurudwara Road, Karol Bagh			011	25753646

**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
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8. 9-Digit Code Number of the Bank and 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.

CUT HERE

**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.75 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.



# **BOOK POST**

Printed matter

To

*If undelivered, please return to:*

**SKDC Consultants Limited**  
(Unit : Sakthi Finance Limited)  
Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road, Ganapathy  
Coimbatore - 641 006