

Φ SAKTHI FINANCE LIMITED

An Edifice Built on Trust

BOARD OF DIRECTORS

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

SENIOR MANAGEMENT

Sri. M.K. Vijayaraghavan *President (Finance)*
Dr. S. Veluswamy *President (Operations)*
Sri. G. Muniasamy *General Manager*
Sri. K. Guruprasad *General Manager*
Sri. K. Natesan *General Manager*
Sri. N. Raveendran *General Manager*

COMPANY SECRETARY

Sri. S. Venkatesh

REGISTERED OFFICE

62, Dr. Nanjappa Road
Coimbatore - 641 018
Phone : (0422) 2231471 - 74, 4236200
Fax : (0422) 2231915
E-mail : sakthif_info@sakthifinance.com

REGISTRARS & TRANSFER AGENTS

SKDC Consultants Limited
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 006
Phone : (0422) 6549995, 2539835-36
Fax : (0422) 2539837
E-mail : info@skdc-consultants.com

BANKERS

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

FINANCIAL INSTITUTIONS

Small Industries Development Bank of India
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

CONTENTS	PAGE
Notice to Members	2
Directors' Report	9
Corporate Governance Report	12
Auditors' Report	24
Balance Sheet	27
Profit and Loss Account	28
Schedules forming part of Accounts	30
Consolidated Financial Statements	57

NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty Third Annual General Meeting of the members of the Company will be held on Tuesday, 14th September 2010 at 4.30 p.m at Smt. Padmavathi Ammal Cultural Centre, 1548, Avanashi Road, Peelamedu, Coimbatore - 641 004 to transact the following business.

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

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors.
2. To appoint a director in place of Sri P S Gopalakrishnan who retires by rotation and is eligible for reappointment.
3. To appoint a director in place of Dr A Selvakumar who retires by rotation and is eligible for reappointment.
4. To appoint M/s P N Raghavendra Rao & Co (Firm Regn.No:003328S) Chartered Accountants, Coimbatore as Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on the remuneration and out-of-pocket expenses as recommended by the Audit Committee and approved by the Board of Directors.

M/s P N Raghavendra Rao & Co, Chartered Accountants, Coimbatore retire and are eligible for reappointment.

SPECIAL BUSINESS

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

RESOLVED THAT in accordance with Section 94(2) and other applicable provisions, if any, of the Companies Act 1956 and the Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs.45,00,00,000 (Rupees Forty Five Crores only) divided into 4,00,00,000 Equity Shares of Rs.10 each and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each to Rs.60,00,00,000 (Rupees Sixty Crores only) divided into 5,50,00,000 Equity Shares of Rs.10 each and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each.

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

RESOLVED THAT in accordance with the provisions of Section 16(1) and other applicable provisions, if any, of the Companies Act 1956, the Memorandum of Association of the Company be and is hereby altered by deleting the existing Clause 5 and substituting in its place the following new Clause 5:

5. The Authorized Share Capital of the Company is Rs.60,00,00,000 (Rupees Sixty Crores only) divided into 5,50,00,000 Equity Shares of Rs.10 each (Rupees Ten Only) and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each (Rupees One Hundred only) subject to be increased, decreased, consolidated, sub-divided or otherwise dealt with in accordance with the provisions of the Companies Act 1956 and the statutory regulations for the time being in force in this regard.

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

RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Articles of Association of the Company be and is hereby altered by deleting the existing Article 3 and substituting in its place the following new Article 3:

3. The Share Capital of the Company is Rs.60,00,00,000 (Rupees Sixty Crores only) divided into 5,50,00,000 Equity Shares of Rs.10 each (Rupees Ten Only) and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each (Rupees One Hundred only) subject to be increased, decreased, consolidated, sub-divided or otherwise dealt with in accordance with the provisions of the Companies Act 1956 and the statutory regulations for the time being in force in this regard.

ANNUAL REPORT 2010

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

RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, approvals, permissions, consents, if any, of the Companies Act 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) to issue and allot 2,00,71,321 equity shares of Rs 10 each for cash at par for an aggregate nominal value of Rs.2007.13 lakhs to the existing equity shareholders on rights basis in the proportion of two equity shares for every three equity shares of Rs 10 each held on the following terms and conditions:

- a. that the offer shall be made to all the existing shareholders whose names appear on the Register of Members of the company as on a record date to be determined by the Board of Directors.
- b. that the offer to every shareholder shall be made by a notice specifying the number of equity shares offered and limiting a time from the date of offer within which time the offer shall be accepted.
- c. that the shareholders are empowered to renounce the shares to which they are entitled in favour of any person, provided that such renunciation is made before the time limit fixed for acceptance of the offer or right.
- d. that the Board of Directors are empowered to dispose of the shares in the manner most beneficial to the company, in case where the shares are neither subscribed nor renounced in favour of any other person.
- e. that the shareholders are entitled to apply for additional shares provided that a shareholder who has renounced his right in whole or in part shall not be entitled to an allotment of additional shares.
- f. that the right shares shall be issued subject to the Memorandum and Articles of Association of the company and the terms of offer as will be contained in the Letter of Offer.
- g. in case the offer of Rights Shares entails entitlement to any fractional shares, fractions of more than half will be rounded off to the nearest whole number and the fractions of less than half will be ignored.
- h. the New Equity Shares shall rank *pari passu* in all respects with the existing equity shares of the company.
- i. the issue of shares to Non-Resident Members / Non-Resident Incorporated Entity will be further subject to the approval of Reserve Bank of India under the Foreign Exchange Management Act 1999.
- j. the new equity shares will be listed in stock exchanges.

RESOLVED FURTHER THAT the Board of Directors / the Committee constituted by the Board for this purpose be and are hereby authorised to decide such other terms and conditions for the new equity shares to be offered on rights basis or otherwise as stated above and to accept such amendments, modifications, conditions as the Securities and Exchange Board of India (SEBI) and / or other authorities concerned may prescribe in this behalf.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such actions and to give all such directions as may be necessary to settle any questions or difficulty that may arise in regard to the creation, offer, issue and allotment of New Equity shares and further to do all such acts, deeds, matter and things to give effect to the resolution.

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

RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 316 and 317 read with Schedule XIII to the Companies Act 1956 and other applicable provisions, if any, of the

SAKTHI FINANCE LIMITED

Companies Act 1956, consent of the company be and is hereby accorded to the appointment of Sri M Balasubramaniam, as Managing Director of the company for a further period of five years with effect from 29th September 2010.

RESOLVED FURTHER THAT in consideration of his qualification, experience and services rendered to the company as Managing Director and subject to the overall limits for payment of Managerial remuneration laid down under Section 198 read with Schedule XIII to the Companies Act 1956, Sri M Balasubramaniam be paid the following remuneration and perquisites:

Salary	Rs 1,50,000 per month
Perquisites	Not exceeding the Annual Salary as may be decided by the Board of Directors from time to time. In addition to the salary, Sri M Balasubramaniam shall also be entitled to the following perquisites: a. Contribution to Provident and Superannuation Funds to the extent not taxable under Income Tax Act 1961 b. Gratuity at the rate of half a month's salary for each completed year of service; and c. Encashment of leave at the end of tenure as per rules of the Company
Commission	1% on the Net Profits of the Company, subject to a maximum ceiling specified in Section III of Part II of Schedule XIII to the Companies Act 1956.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the company shall pay to Sri M Balasubramaniam, the remuneration by way of salary and perquisites not exceeding the limits specified under Paragraph 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or such other limit as may be prescribed by the government from time to time as minimum remuneration.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. As required under Clause 49 (IV)(G) of the Listing Agreement, the relevant details of directors seeking reappointment under Item Nos. 2, 3 and 9 is annexed.
3. The relative Explanatory Statement as required under Section 173(2) of the Companies Act 1956 setting out the material facts in respect of Special Business under Item Nos.5 to 9 is annexed.
4. The Register of Members and Share Transfer Books of the company will remain closed from Tuesday, 7th September 2010 to Tuesday, 14th September 2010, both days inclusive.
5. Members holding shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
6. Members holding shares in physical form are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses either to the Company or to the Registrar and Share Transfer Agents, SKDC Consultants Limited, Coimbatore - 641 006 or to their respective Depository Participant (DP) in case the shares are held in dematerialised form.
7. a. As per Section 205A of the Companies Act 1956, all unclaimed dividends up to the financial year ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for the said period are requested to forward their claims in prescribed Form No.II to The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978 to Registrar of Companies, Stock Exchange Building, Second Floor, 683 - 686, Trichy Road, Singanallur, Coimbatore - 641 005.

ANNUAL REPORT 2010

- b. As per Section 205A (5) of the Companies Act 1956, the Company has transferred all unclaimed dividends up to the financial year ended 31st March 1997 which remained unclaimed for a period of seven years to the Investor Education and Protection Fund. Members are informed that no claims shall lie against the fund or the company in respect of individual amounts which were unclaimed or unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of each such claim.
- c. The Special Interim Dividend of 5% paid during March 2007 on equity shares for the year ended 31st March 2007 will be transferred to the Investor Education and Protection Fund during May 2014. Members who have not encashed their dividend warrant are requested to claim the warrants at an early date.

By Order of the Board

Coimbatore
5th August 2010

S Venkatesh
Company Secretary

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956

Item Nos. 5 to 7

The present Authorised Share Capital of the Company is Rs. 45 Crores consisting of 4,00,00,000 Equity Shares of Rs.10 each and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each. The present issued, subscribed and paid-up equity share capital of the Company is Rs. 30,10,69,810 consisting of 3,01,06,981 equity shares of Rs 10 each.

With a view to increase the capital base and raise the net worth, the Board of Directors have proposed to issue additional equity shares. To accommodate the increase in share capital, the Authorised Share Capital has to be increased by the creation of additional 1,50,00,000 equity shares of Rs.10 each. The revised Authorised Share Capital will be Rs. 60 Crores divided into 5,50,00,000 Equity Shares of Rs.10 each and 5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each. This requires the approval of the members under Section 94(1)(a) of the Companies Act 1956 for which necessary resolution is proposed as set out in Item No.5.

As a consequence, the Capital Clauses in the Memorandum of Association (Clause 5) and the Articles of Association (Article 3) are required to be altered and the necessary Resolutions are proposed under Item Nos. 6 and 7 respectively for the approval of the Members. The Board of Directors recommend the passing of the Resolutions.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions specified under Item Nos. 5 to 7.

A copy of the Memorandum and Articles of Association of the Company along with the proposed alterations is available for inspection by any member at any time during the business hours on any working day.

Item No.8

It is necessary to augment resources for the long term requirements of the company and the Board of Directors have thought it appropriate to make a rights issue in the proportion of two equity shares for every three equity shares held on a record date to be determined by the Board of Directors. The necessary resolutions in the terms of Section 81 of the Companies Act 1956 are proposed as Special Resolutions.

The Board of Directors recommend the passing of the Special Resolutions.

Directors are interested in the said resolutions to the extent of their shareholding in the company.

Item No.9

At the Annual General Meeting held on 19th September 2005, members had approved appointment of Sri M Balasubramaniam as Managing Director of the company for a period of 5 years with effect from 29th September 2005. His present term of office as Managing Director is valid upto 28th September 2010. Considering his significant contributions made to the company during his tenure of office, the Board of Directors have at their meeting held on 5th August 2010, after considering the recommendation of Nomination and Remuneration Committee, reappointed him, subject to the approval

SAKTHI FINANCE LIMITED

of members, as Managing Director for a further period of 5 years with effect from 29th September 2010 on the terms and conditions set out in the resolutions which are placed before the members for their approval.

Sri M Balasubramaniam is 52 years of age. He holds a Master's degree in Commerce from Madras University and a Masters Degree in Business Administration from Notre Dame University, USA. He joined the company as a Director in the year 1985 and has been the Managing Director of the company since 1990. He is also Joint Managing Director (Finance) of Sakthi Sugars Limited from January 2009.

Details of his Directorships and Committee Memberships held in other public companies are given in the Annexure to the notice.

The terms and conditions of re-appointment of Sri M Balasubramaniam, as set out in the Notice together with the annexed Explanatory Statement may be treated as an abstract under Section 302 of the Companies Act 1956.

Sri M Balasubramaniam is deemed to be concerned or interested as it relates to his reappointment and remuneration. Dr M Manickam, Chairman and Sri M Srinivaasan, Director are interested in the reappointment of Sri M Balasubramaniam as relatives. None of the other directors have any concern or interest in the resolution.

The Board of Directors recommend the resolutions for the approval of members.

By Order of the Board

Coimbatore
5th August 2010

S Venkatesh
Company Secretary

ANNUAL REPORT 2010

ANNEXURE

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT AT THE 53RD ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT

Item Nos. 2 and 3

Name of Director	P S Gopalakrishnan	Dr. A Selvakumar
Director Identification Number (DIN)	00001446	01099806
Date of birth and age	23rd August 1935, 75 Years	30th April 1955, 55 Years
Date of appointment on the board	20th November 2004	30th March 2001
Qualifications	B.Com., LLB, AIB (London)	M.E., PhD
Expertise in specific functional areas	Has got rich experience in heading banks and financial institutions	He holds a Doctrate in Engineering from Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. At present, he is the Joint Correspondent of Kumaraguru College of Technology, Coimbatore. He has immense knowledge and experience in systems applications.
Directorships held in other public companies	Dharani Sugars and Chemicals Limited Kothari Sugars and Chemicals Limited Shriram General Insurance Company Limited	Sri Chamundeswari Sugars Limited Sri Sakthi Textiles Limited S A International Limited
Memberships /Chairmanships of committee across public companies	Audit Committee - Chairman: Kothari Sugars and Chemicals Limited Member: Dharani Sugars and Chemicals Limited Nomination and Remuneration Committee - Chairman: Kothari Sugars and Chemicals Limited Member: Dharani Sugars and Chemicals Limited Sakthi Finance Limited	Audit Committee - Chairman: Sri Chamundeswari Sugars Limited Member: Sakthi Finance Limited Nomination and Remuneration Committee and Shareholders' and Investors' Grievance Committee - Member: Sakthi Finance Limited
No. of equity shares held	Nil	Nil
Relationship with other directors	None	None

 SAKTHI FINANCE LIMITED

Item No.9

Name of Director	M Balasubramaniam
Director Identification Number (DIN)	00377053
Date of birth and age	6th May 1958, 52 years
Date of appointment on the Board	21st August 1985
Qualifications	M.Com., MBA
Expertise in specific functional areas	He has got rich experience in Finance and Business Administration.
Directorships held in other public companies	ABT Limited ABT Finance Limited ABT Foods Limited ABT Foods Retailing (India) Limited ABT Foundation Limited ABT Industries Limited Sakthi Auto Component Limited Sakthifinance Commercial Vehicle and Infrastructure Limited Sakthifinance Financial Services Limited Sri Chamundeswari Sugars Limited Sakthi Management Services (Cbe) Limited Sakthi Sugars Limited Sri Sakthi Textiles Limited The Gounder and Company Auto Limited
Memberships/ Chairmanships of Committee across public companies	Audit Committee – Member: Sakthi Sugars Limited Shareholders' and Investors' Grievance Committee – Member: Sakthi Sugars Limited Sri Chamundeswari Sugars Limited
Number of shares held	1,92,000
Relationship with other directors	Brother of Dr M Manickam, Chairman and Sri M Srinivaasan, Director

ANNUAL REPORT 2010

DIRECTORS' REPORT

To the Members

Your directors are pleased to present their Fifty Third Annual Report together with the audited accounts of the company for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

(Rs lakhs)

Particulars	2009-10	2008-09
Profit before tax	1052.62	806.13
Less: Provision for:		
- Current Tax	175.61	121.43
- Deferred tax	249.97	146.13
- Fringe Benefit Tax	-	9.55
Net Provision for Income Tax (earlier years)	(1.15)	7.65
Profit after tax	628.19	521.37
Add : Surplus brought forward from previous year	1076.41	659.31
Amount available for appropriation	1704.60	1180.68
Appropriations:		
Transfer to Statutory Reserve	125.64	104.27
Surplus carried to balance sheet	1578.96	1076.41

BUSINESS

During the year under review, the company's disbursement touched a new record level. The company disbursed **Rs.29,609 lakhs** in hire purchase business as against Rs 25,637 lakhs during the previous financial year. The collection efficiency continues to be good. Your directors are hopeful of higher business volumes and profitability in the coming years.

RESERVES AND SURPLUS

As required under Section 451C of the Reserve Bank of India Act, 1934, the Company has transferred 20% of the net profit after tax to Statutory Reserve.

DIVIDEND

With a view to conserve resources for future requirements, the Board of Directors have not recommended dividend on equity shares for the year ended 31st March 2010.

DEPOSITS

The total deposits with the company as at 31st March 2010 stood at **Rs.5,239 lakhs** as against Rs.3,692 lakhs for the corresponding previous year.

As at the end of the financial year, 743 public deposits amounting to Rs.207.24 lakhs were due for repayment but remained to be claimed or renewed. The Company has been reminding the depositors regularly about the maturity and out of the said deposits, 252 deposits amounting to Rs. 77.15 lakhs have since been claimed and repaid / renewed as per their instructions.

DIRECTORS

The following directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment:

1. Sri P. S. Gopalakrishnan
2. Dr A Selvakumar

The present term of office of Sri M Balasubramaniam, Managing Director is valid upto 28th September 2010. On the recommendation of Nomination and Remuneration Committee, the Board of Directors

SAKTHI FINANCE LIMITED

have at their meeting held on 5th August 2010, approved his re-appointment for a further period of 5 years with effect from 29th September 2010. A resolution relating to his re-appointment is placed before the members for their approval at the ensuing Annual General Meeting.

The profiles of these directors, as required under Clause 49 (IV) (G) of the Listing Agreement entered into with stock exchanges are given in the Annexure to the Notice of the 53rd Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee is functioning with the following non-executive directors:

1. Sri S A Murali Prasad, Chairman
2. Sri A Shanmugasundaram, Member
3. Dr A Selvakumar, Member

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act 1956, the audited financial statements for the year ended 31st March 2010 of Sakthi Properties (Coimbatore) Limited, a wholly owned subsidiary, along with the Schedules and the reports of the Directors and Auditors and also the statement under the said section are attached.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of the Company and its subsidiary prepared in accordance with the Accounting Standard (AS-21) forms part of the Annual Report.

CORPORATE GOVERNANCE REPORT

As required under Clause 49 of the Listing Agreement, a report on Corporate Governance (including the Management Discussion and Analysis Report) and a Certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under the Listing Agreement form part of the Annual Report.

PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT 1956

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

- a. The Company has no activity involving Conservation of Energy or Technology Absorption;
- b. The Company does not have any Foreign Exchange Earnings; and
- c. Foreign Exchange Outgo : Rs.9.38 lakhs

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departure had been made from it;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the Directors had prepared the annual accounts on a going concern basis.

ANNUAL REPORT 2010

AUDITORS

M/s P N Raghavendra Rao & Co, (Firm Registration No.:003328S) Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The company has obtained a confirmation from the auditors that their reappointment, if made, at the ensuing Annual General Meeting would be within the limits specified under Section 224 (1B) of the Companies Act 1956. Members are requested to appoint M/s P N Raghavendra Rao & Co, as Statutory Auditors of the company and fix their remuneration for the financial year 2010-11.

ACKNOWLEDGEMENTS

Your Directors wish to place on record the valuable assistance and co-operation extended by the members, banks, financial institutions and government 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

Coimbatore
5th August 2010

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 way.

2. BOARD OF DIRECTORS

a. Composition and size of the Board

The Board of Directors consist of eight members, out of which one is Vice Chairman and Managing Director and seven are Non-Executive Directors who bring in a wide range of skills and experience to the Board. The Board has a Non-Executive Chairman and the number of independent directors is 50% of the number of Directors.

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

None of the Directors on the Company's Board is a member of more than ten Committees and Chairman of more than five Committees across all Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

b. Number of Board Meetings held during the year

During the financial year, five Board Meetings were held on 13th April 2009, 30th June 2009, 30th July 2009, 31st October 2009 and 30th January 2010. The gap between two meetings did not exceed four months. The information as required under Annexure – IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and consideration at Board Meetings. The Board has also taken on record the certificates given by the senior management personnel regarding compliance with the applicable laws on quarterly basis.

c. Code of Conduct

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

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

d. Attendance and other Directorships

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

ANNUAL REPORT 2010

Name of the Director	Category of Directors	Relationship with other Directors	Financial year 2009-10 Attendance at		As on 5th August 2010		
			Board meeting	Last AGM	No. of other directorships ¹	Committee position	
						Chairman ²	Member ²
(excluding Sakthi Finance Ltd)							
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	4	Yes	14	–	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	5	Yes	14	1	2
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Promoter	Brother of Dr M Manickam and Sri M Balasubramaniam	3	No	13	–	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Non-Independent	None	5	Yes	1	–	–
Sri S A Murali Prasad DIN : 00001432	Non-executive Director, Independent	None	4	No	1	–	1
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	5	No	4	1	–
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	5	Yes	3	1	1
Sri S Ragothaman DIN: 00042395	Non-executive Director, Independent	None	2	Yes	6	2	3

1 excludes directorships in private limited companies and Section 25 company

2 only Audit Committee and Shareholders' and Investors' Grievance Committee of Public Limited Companies are considered for this purpose.

3. COMMITTEES OF THE BOARD

A. Audit Committee

The brief terms of reference of the Audit Committee are:

- Reviewing the financial statements before they are submitted to the board of directors
- Reviewing the internal control systems
- Any other matters that are relevant

The committee consists of 3 non-executive directors, of which 2 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
Sri S A Murali Prasad, Chairman	4	4
Sri A Shanmugasundaram, Member	4	3
Dr A Selvakumar, Member	4	4

The committee held four meetings during the financial year on 29th June 2009, 30th July 2009, 31st October 2009 and 26th January 2010. There was a gap of more than 120 days from the previous meeting to the meeting held on 29th June 2009.

All members of the Audit Committee are financially literate. The minutes of the Audit Committee are placed before the Board of Directors at their meetings. The Chairman of the Audit Committee was not present at the last Annual General Meeting due to unavoidable circumstances.

B. Nomination and Remuneration Committee

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

The composition of the Nomination and Remuneration Committee consists of 3 non-executive independent directors as given below:

Sri S A Murali Prasad, Chairman

Dr A Selvakumar, Member

Sri P S Gopalakrishnan, Member

The committee met once during the financial year on 30th June 2009 and all the members attended the meeting.

Remuneration policy of the company is given below:

For Vice Chairman and Managing Director

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

For Non-Executive Directors

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

The details of remuneration / fees paid to the executive / non-executive directors for the financial year 2009-10 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
	(Rs. in Lakhs)					
Dr M Manickam	-	-	-	0.08	0.08	92,813
Sri M Balasubramaniam	6.00	10.62	4.92	-	21.54	1,92,000
Sri M Srinivaasan	-	-	-	0.06	0.06	2,51,355
Sri A Shanmugasundaram	-	-	-	0.16	0.16	7,875
Sri S A Murali Prasad	-	-	-	0.16	0.16	Nil
Dr A Selvakumar	-	-	-	0.18	0.18	Nil
Sri P S Gopalakrishnan	-	-	-	0.10	0.10	Nil
Sri S Ragothaman	-	-	-	0.04	0.04	4,000

Notes:

- The appointment of Vice Chairman and 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 2005. He will hold office up to 28th September 2010.

As the present term of office of Sri M Balasubramaniam as Managing Director of the Company is valid upto 28th September 2010, based on the recommendation of Nomination

ANNUAL REPORT 2010

and Remuneration Committee, a resolution seeking his re-appointment is placed before the members for their approval at the ensuing Annual General Meeting.

The company does not have any service contract with Vice Chairman and Managing Director.

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

C. Shareholders' and Investors' Grievance Committee

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

Composition

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

Dr M Manickam, Chairman

Sri M Balasubramaniam, Member

Dr A Selvakumar, Member

Sri S Venkatesh, Company Secretary, is the Compliance Officer.

The Committee meets for resolving the grievances relating to transfer and transposition of shares and other grievances of shareholders. The Committee met three times during the financial year on 11th July 2009, 18th September 2009 and 11th December 2009 and all the members attended the meetings.

During the year, the Company received 4 grievances from the shareholders in addition to the requests for transfer / transmission of shares and issuance of duplicate of share certificate(s). 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 consists of the following Director / Executives:

Sri M Balasubramaniam, Vice Chairman and Managing Director – Chairman

Dr S Veluswamy, President (Operations)

Sri M K Vijayaraghavan, President (Finance)

The committee held two meetings during the financial year on 27th June 2009 and 30th October 2009 and all the members attended the meetings.

E. Risk Management Committee

The Risk Management Committee has been formed for the purpose of managing the integrated risks faced by the Company. The Committee consists of following members:

Dr. S. Veluswamy - President (Operations)

Sri. K. Guruprasad - General Manager (Operations)

Sri. G. Muniyasamy - General Manager (Resources)

Sri. S. Venkatesh - Company Secretary

The Committee met on 7th October 2009 during the year and all the members attended the meeting.

4. SUBSIDIARY COMPANY

The Company does not have a material non-listed Indian Subsidiary Company and hence, it is not required to have an independent director of the company on the Board of such Subsidiary Company.

The Audit Committee reviews the financials of the Subsidiary Company. The minutes of Subsidiary is being placed before the Board of Directors of the company.

5. GENERAL BODY MEETINGS

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

Year	AGM	Date	Time	Venue
2009	52nd	11th September 2009	4.30 p.m	Suguna Auditorium, Avanashi Road, Peelamedu, Coimbatore - 641 004
2008	51st	25th August 2008	4.30 p.m	President Hall, 734, Avanashi Road Coimbatore - 641 018
2007	50th	20th August 2007	3.00 p.m	

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

Date of AGM	Particulars of Special Resolutions passed
11th September 2009 (52nd AGM)	Nil
25th August 2008 (51st AGM)	Nil
20th August 2007 (50th AGM)	1. Alteration of Articles with regard to affixation of Common Seal 2. Issue of Secured Redeemable Non-Convertible Debentures up to Rs 100 crores on private placement basis

No special resolution has been put through postal ballot during the last three years. The company has no proposal to pass any Special Resolution by way of Postal Ballot at the ensuing Annual General Meeting.

6. DISCLOSURES

- The details of related party disclosures are furnished in Note 10 of Schedule No. 19 to the accounts. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the company at large. The register of contracts containing the transaction 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.
- The senior management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have 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.
- 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.

ANNUAL REPORT 2010

In accordance with Clause 49 V of the Listing Agreement relating to CEO/CFO certification, Vice Chairman and Managing Director and President (Finance) have given necessary certificate to the Board for the financial year ended 31st March 2010.

7. MEANS OF COMMUNICATION

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.

8. MANAGEMENT

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

9. DIRECTORS' REAPPOINTMENT

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

10. GENERAL SHAREHOLDER INFORMATION

53rd Annual General Meeting

Day, Date and Time : Tuesday, 14th September 2010 at 4.30 p.m

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

FINANCIAL CALENDAR FOR 2010-11

Unaudited financial results for the quarter ended June 2010 : Before 14th August 2010
Unaudited financial results for the quarter ending Sept. 2010 : Before 14th November 2010
Unaudited financial results for the quarter ending Dec. 2010 : Before 14th February 2011
Audited financial results for the year ending March 2011 : Before 30th May 2011
Annual General Meeting for the year ending March 2011 : Before 30th September 2011

BOOK CLOSURE DATES

From Tuesday, 7th September 2010 to Tuesday, 14th September 2010, both days inclusive.

LISTING ON STOCK EXCHANGES AND STOCK CODE

a. Listing

The equity shares are listed at Bombay and Madras Stock Exchanges. The listing fee has been paid to both the exchanges. The company has paid the annual custodial fee for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2010.

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

Stock Exchange	Stock Code
Bombay Stock Exchange Limited, Mumbai	511066
Madras Stock Exchange Limited, Chennai	SKF

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 Bombay Stock Exchange Limited, Mumbai for the financial year 2009-10 is furnished below:

Month	BSE Price		BSE Sensex	
	High (Rs)	Low (Rs)	High	Low
April 2009	6.66	4.57	11492	9546
May 2009	8.83	5.45	14931	11621
June 2009	10.48	7.91	15600	14017
July 2009	9.28	5.98	15733	13220
August 2009	9.85	7.54	16002	14684
September 2009	13.02	8.02	17143	15357
October 2009	14.34	8.70	17493	15805
November 2009	11.98	8.26	17290	15331
December 2009	12.20	8.42	17531	16578
January 2010	13.75	8.80	17790	15982
February 2010	13.10	8.51	16669	15652
March 2010	12.60	8.50	17793	16438

REGISTRARS AND SHARE TRANSFER AGENTS
SKDC Consultants Limited

(Unit: Sakthi Finance Limited)

Regd Office: Kanapathy Towers

3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006

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

E-Mail : info@skdc-consultants.com Web : 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 Exchanges, certificates on half yearly basis, have been given by a Company Secretary in practice for 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 for timely dematerialisation of shares of the company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010

The distribution of shareholding as on 31st March 2010 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	14,049	90.03	20,05,800	6.66
501 - 1000	886	5.68	6,87,121	2.28
1001 - 2000	384	2.46	5,65,595	1.88
2001 - 3000	102	0.65	2,58,101	0.86
3001 - 4000	34	0.22	1,21,441	0.40
4001 - 5000	31	0.20	1,45,004	0.48
5001 - 10000	55	0.35	4,01,192	1.33
10001 & above	56	0.41	2,59,22,727	86.11
Total	15,597	100.00	3,01,06,981	100.00

ANNUAL REPORT 2010

SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

The shareholding pattern as on 31st March 2010 is as under:

Category	Percentage
Promoters	59.27
Other Bodies Corporate	6.10
Banks, Financial Institutions and Mutual Funds	0.01
Non-resident Incorporated Entity	14.78
Non-Resident Indians	0.02
Resident Public	19.82
Total	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

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). 45,22,494 Equity Shares of the Company constituting 15.02% of the paid-up capital were dematerialised as on 31st March 2010.

NOMINATION FACILITY

The company is accepting nomination forms from shareholders in the prescribed Form No.2B. 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/ADR/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The company has not issued any GDR/ADR/Warrants or any convertible instruments.

ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited, 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 at the company's expense.
The tenure of independent directors is not being restricted to a period of nine years in the aggregate since the Board of Directors is unanimously of the opinion that the length of the tenure on the Board would not have any material negative impact on the performance of independent directors and discharge of their duties towards the company.
- The Company has voluntarily constituted a Nomination and Remuneration Committee as per the Listing Agreement.
- The half-yearly financial results are published in leading newspapers as mentioned above. Therefore, the results are not being separately circulated to the shareholders.
- The company takes concrete and conscious steps in ensuring that the Auditors do not have any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the company officials to the satisfaction of auditors.
- The directors are kept informed of the latest developments in laws, rules and regulations, as also the various risks to which the company is exposed and the manner in which these risks are mitigated / minimised. Therefore, the need for formal training on these issues is not felt necessary.
- No separate mechanism has been formulated to evaluate the non-executive Board members.
- At present, the Company does not have a documented Whistle Blower Policy in place. However, the company personnel are free to report to the management of any concern they may have about various aspects.

For and on behalf of the Board

Coimbatore
5th August 2010

M MANICKAM
Chairman

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

As required under Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2010.

For Sakthi Finance Limited

Coimbatore
5th August 2010

M BALASUBRAMANIAM
Vice Chairman and Managing Director

ANNUAL REPORT 2010

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 for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

- a) *The Chairman of the Audit Committee was not present at the Annual General Meeting of the Company held on 11th September 2009 as required by Clause 49 (II) (A) (iv) of the Listing Agreement; and*
- b) *The time gap between two Audit Committee Meetings held on 30.01.2009 and 29.06.2009 had exceeded four months.*

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.

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

Coimbatore
5th August 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND OVERVIEW

In 2009-10, Indian Economy has mostly overcome the effect of the global recession. Indian Economy has acquitted creditably with a strong resurgence in demand for many manufactured products in the domestic product. Consequently, the Industrial output has risen by 10.10% in April - Feb 2010 against 3% comparably. In the whole of 2009-2010, the growth is estimated at 10.60% against 3.40% and 8.50% in the two previous years.

Because of strong recovery in Industrial Production, improvements in exports and the encouraging performance of Services Sector, the growth in GDP is estimated at 7.50% to 7.75%.

Commercial Vehicle Industry broadly consists of Light, Medium and Heavy Commercial Vehicles. In India, the Commercial Vehicle Industry is dominated by Small Truck Operators (STO) and First Time Users (FTU) and these segments put together control around 75% of the total truck fleet. As our company's focus is mainly on these segments for financing of commercial vehicles, our company will be in a more advantageous position to increase its volume of business.

OPPORTUNITIES

During the year 2009 - 2010, the Commercial Vehicle Industry registered a growth of 38.31% over the previous year. The sale of Medium and Heavy Commercial Vehicles growth was 20.58% while Light Commercial Vehicles growth increased to 39.66%. Industry Association has predicted a growth of 16% to 17% but likely to settle at 14%.

As the size of pre-owned Commercial Vehicle Industry is of the order of Rs 65,000 crores and the demand for pre-owned Commercial Vehicles is non-cyclical, companies like ours which mainly finance this sector will see higher volume of business and consequently this will lead to higher profitability in the coming years.

THREATS

With the rise in prices of crude and petroleum products worldwide, Indian Government may be forced to revise the selling prices of petrol, diesel and natural gas to some extent. The excise hike, new emission norms, raising input prices and a possible hike in interest rates may affect the road transport sector and hence the profitability of NBFCs like ours which fund this sector may also be affected.

BUSINESS OUTLOOK

The prospects for the year 2010-2011 are promising as the uptrend in Industrial Production is expected to be sustained and consequently there will be an improvement in GDP to 8.50%. It is hoped that Agricultural and Allied Industries will be making a contribution of 5.80% to the growth and a new record may even be established in respect of output of food grains with the likelihood of monsoon being near normal in the forthcoming kharif season.

With the improved prospects of industrial growth and greater activity in various other sectors, the prospects for the Non-Banking Finance Companies which finance the Road Transport Sector will continue to be better.

PERFORMANCE AND FINANCIAL REVIEW

During the year 2009-10, the company's disbursements touched record levels. The total disbursement for the year is **Rs. 29,609 lakhs** in hire purchase finance business as against Rs. 25,637 lakhs in the previous financial year. As on 31st March 2010, the total deposits with the company stood at **Rs.5239.13 lakhs**.

The gross income for the year 2009-10 was **Rs.7886.20 lakhs** and the net profit after tax for the year was at **Rs.628.19 lakhs**. The company has charged a depreciation of **Rs.164.03 lakhs** in the profit and loss account.

ANNUAL REPORT 2010

RISKS AND CONCERNS

Our Company is 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 Audit Committee so as to modify them to suit our Company's business 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

During the year, our Company maintained very harmonious and cordial relations with its employees. As on 31st March 2010, there were 295 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.

For and on behalf of the Board

Coimbatore
5th August 2010

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.

AUDITORS' REPORT

To the Members of the Company

1. We have audited the attached Balance Sheet of Sakthi Finance Limited as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give below a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
 - ii. The Company does not hold any inventories and therefore Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
 - iii.
 - a. The Company has not granted any loan during the year to companies covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has, however, granted loan to a company in the earlier year and the balance outstanding as at 31st March 2010 is Rs. 97.73 Lakhs.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest, and other terms and conditions of the loans granted are *prima facie* not prejudicial to the interest of the Company.
 - c. The receipt of principal amount and interest on loans granted are regular.
 - d. The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
 - v.
 - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that section have been so entered.
 - b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh rupees in respect of any party have been made at prices which are, *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

ANNUAL REPORT 2010

- vi. The Company has accepted deposits from the public and has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, wherever applicable.
- vii. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of any Cost Records under Section 209(1)(d) of the Companies Act, 1956.
- ix. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Customs duty, Service tax and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
 - b. The disputed statutory dues aggregating to Rs.31.11 Lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	31.11	1987-88 to 1993-94	Supreme Court of India

- x. The Company has no accumulated losses as at 31st March 2010 and it has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii. In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained in respect of loans granted by the Company on the basis of security by way of pledge of debentures.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- xiv. The Company is not dealing in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the term loans obtained during the year have been utilised for the purpose for which it was obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised short term funds for long term investments.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us, the Company has issued Secured Redeemable Non-Convertible debentures amounting to Rs.17,495.75 Lakhs. The Company has created adequate securities and charges in respect of debentures issued during the year.

SAKTHI FINANCE LIMITED

- xx. The Company has not raised any money by way of public issue during the year.
 - xxi. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.
4. Further to our comments referred to in Paragraph 3 above, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b. In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Coimbatore
26th May 2010

ANNUAL REPORT 2010

BALANCE SHEET AS AT 31ST MARCH 2010

(Rupees)

	Schedule	As at 31.3.2010	As at 31.3.2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	30,10,69,810	30,10,69,810
Share application money pending allotment		10,53,63,340	5,53,63,340
Reserves and Surplus	2	35,76,64,349	29,48,45,885
2. Loan Funds			
Secured Loans	3	3,73,01,81,311	2,93,86,15,226
Unsecured Loans	4	52,39,13,248	36,91,89,676
Total		<u>5,01,81,92,058</u>	<u>3,95,90,83,937</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	49,49,26,960	39,42,75,263
Less: Accumulated depreciation		14,37,56,987	12,80,43,520
Net Block		<u>35,11,69,973</u>	<u>26,62,31,743</u>
2. Investments			
	6	11,82,22,960	12,80,87,710
3. Current Assets, Loans and Advances			
Stock-on-Hire	7	4,39,41,38,052	3,42,55,97,231
Cash and Bank Balances	8	26,25,13,648	17,18,49,760
Other Current Assets	9	21,54,614	22,28,813
Loans and Advances	10	28,20,53,550	29,22,63,638
SUB TOTAL - (i)		<u>4,94,08,59,864</u>	<u>3,89,19,39,442</u>
Less: Current Liabilities and Provisions			
Current Liabilities	11	37,74,78,435	30,30,20,038
Provisions	12	1,45,82,304	2,41,54,920
SUB TOTAL - (ii)		<u>39,20,60,739</u>	<u>32,71,74,958</u>
Net Current Assets (i) - (ii)		<u>4,54,87,99,125</u>	<u>3,56,47,64,484</u>
Total		<u>5,01,81,92,058</u>	<u>3,95,90,83,937</u>
Notes on accounts	19		

The Schedules referred to above form an integral part of the Balance Sheet

Subject to our Report of even date

For P.N. Raghavendra Rao & Co

Firm Regn. No.:003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No.18111

Coimbatore
26th May 2010**S. VENKATESH**
Company Secretary

For and on behalf of the Board

M. MANICKAM

Chairman

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

 SAKTHI FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	2009-10	2008-09
(Rupees)			
I. INCOME			
Income from operations	13	75,93,72,032	55,67,13,556
Other Income and Receipts	14	2,92,47,625	2,01,87,325
TOTAL - A		<u>78,86,19,657</u>	<u>57,69,00,881</u>
II. EXPENDITURE			
Interest and financial charges	15	49,95,34,869	36,59,12,788
Staff Salaries and Other benefits	16	7,51,80,551	5,52,63,184
Operating and Administrative expenses	17	7,31,31,839	4,97,59,062
Provisions and write-off (net)	18	1,91,07,161	1,22,19,257
Depreciation		1,64,03,096	1,31,33,020
TOTAL - B		<u>68,33,57,516</u>	<u>49,62,87,311</u>
III. PROFIT BEFORE TAX (A-B)		10,52,62,141	8,06,13,570
Less : Provision for Taxation			
- Current Tax		1,75,60,925	1,21,43,299
- Deferred Tax (Current year)		2,49,97,472	1,46,13,310
- Fringe Benefit Tax		-	9,54,946
Net provision for Taxation (earlier years)		<u>(1,14,720)</u>	7,65,010
IV. PROFIT AFTER TAX		6,28,18,464	5,21,37,005
Balance in Profit and Loss account		10,76,41,262	6,59,31,658
Less : Statutory Reserve		1,25,63,693	1,04,27,401
Balance carried to Balance Sheet		<u>15,78,96,033</u>	<u>10,76,41,262</u>
Earnings per share : Basic (Rs.)		2.09	1.73
Diluted (Rs.)		1.76	1.46

Notes on accounts

19

The Schedules referred to above form an integral part of the Profit and Loss account

Subject to our Report of even date

For and on behalf of the Board

For P.N. Raghavendra Rao & Co

Firm Regn. No.:003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No.18111

Coimbatore

26th May 2010

S. VENKATESH
Company Secretary

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

M. MANICKAM
Chairman

ANNUAL REPORT 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rupees)

	2009 - 10	2008 - 09
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,52,62,141	8,06,13,570
Add: Financial charges	<u>49,95,34,869</u>	<u>60,47,97,010</u>
Depreciation	1,64,03,096	36,59,12,788
Increase / (Decrease) in provision against Non performing assets	<u>(8,36,205)</u>	44,65,26,358
Loss / (Profit) on sale of assets	2,06,156	1,31,33,020
Loss on sale and redemption of long term investments	<u>3,64,750</u>	44,50,296
Interest received	<u>(1,65,96,199)</u>	(2,90,65,934)
Dividend received	<u>(2,50,000)</u>	(2,20,000)
Operating profit before working capital changes	60,40,88,608	43,53,16,287
(Increase) in net stock on hire	<u>(96,85,40,821)</u>	(82,33,09,831)
(Increase) / Decrease in bank deposits	40,44,112	(57,40,142)
(Increase) / Decrease in loans and advances	1,56,17,502	84,39,537
(Increase) / Decrease in other receivables	<u>(4,02,15,039)</u>	(2,04,16,512)
Increase in current liabilities	<u>(2,09,67,121)</u>	<u>(1,01,00,61,367)</u>
Cash used in operations	(40,59,72,759)	(99,84,48,823)
Financial charges	<u>(44,33,22,775)</u>	(33,65,01,809)
Direct taxes paid	<u>2,27,08,445</u>	88,21,289
Net Cash used in Operating Activities (A)	(82,65,87,089)	(89,08,13,056)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(10,16,32,982)</u>	(9,60,13,236)
Sale of fixed Assets	85,500	1,26,800
Sale / redemption of long term investments	95,00,000	1,06,57,000
Interest received	1,68,05,588	2,96,66,903
Dividend received	<u>2,50,000</u>	2,20,000
Net Cash used in Investing Activities (B)	(7,49,91,894)	(5,53,42,533)
C CASH FLOW FROM FINANCING ACTIVITIES		
Share application money	5,00,00,000	4,14,72,215
Increase in bank borrowings /other term loans	11,51,60,498	23,96,57,001
Increase in Secured Non convertible debentures	67,64,05,587	95,15,20,839
Increase / (Decrease) in Fixed deposits	<u>15,47,23,572</u>	(27,44,26,226)
Net Cash from Financing Activities (C)	99,62,89,657	95,82,23,829
Net increase in Cash and Cash Equivalents (A+B+C)	9,47,10,674	1,20,68,240
Cash and cash equivalents at the beginning of the year	15,00,20,459	13,79,52,219
Cash and cash equivalents at the end of the year	<u>24,47,31,133</u>	15,00,20,459
Components of cash and cash equivalents at the end of the year:		
Cash on hand	5,56,30,232	3,89,19,292
Current accounts with banks	<u>18,91,00,901</u>	11,11,01,167

Subject to our Report of even date

For P.N. Raghavendra Rao & Co

Firm Regn. No.:003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No. 18111

Coimbatore

26th May 2010

For and on behalf of the Board

M. MANICKAM

Chairman

S. VENKATESH

Company Secretary

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

 SAKTHI FINANCE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
4,00,00,000 Equity Shares of Rs.10 each	40,00,00,000	40,00,00,000
5,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	5,00,00,000	5,00,00,000
	45,00,00,000	45,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
3,01,06,981 Equity Shares of Rs. 10 each fully paid up	30,10,69,810	30,10,69,810
	30,10,69,810	30,10,69,810
SCHEDULE - 2 : RESERVES AND SURPLUS		
Capital Reserve	52,61,238	52,61,238
Securities Premium Account	13,35,66,908	13,35,66,908
Statutory Reserve: As per last Balance Sheet	4,83,76,477	
Add: Transfer during the year	1,25,63,693	4,83,76,477
Balance in Profit and Loss account	15,78,96,033	10,76,41,262
	35,76,64,349	29,48,45,885
SCHEDULE - 3 : SECURED LOANS		
Redeemable Non-Convertible Debentures	2,96,63,79,341	2,28,99,73,754
Term Loans from:		
- Financial Institutions	21,13,93,000	10,96,68,000
- From Corporates	-	13,36,30,537
From Banks:		
- Cash Credit and Demand Loans	54,70,87,144	40,12,34,958
Interest accrued and due on Bank Cash Credit	53,21,826	41,07,977
	3,73,01,81,311	2,93,86,15,226
SCHEDULE - 4 : UNSECURED LOANS		
Fixed Deposits	52,39,13,248	36,91,89,676

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5 : FIXED ASSETS

(Rupees)

Description	Gross Block				Depreciation				Net Block	
	As at 31.3.2009	Additions	Deductions/ Adjustments	As at 31.3.2010	As at 31.3.2009	For the Year	Withdrawn / Adjustments	As at 31.3.2010	As at 31.3.2010	As at 31.3.2009
Assets on Own use:										
Land	4,58,82,808	87,11,819	-	5,45,94,627	-	-	-	-	5,45,94,627	4,58,82,808
Building - Freehold	2,40,20,634	-	-	2,40,20,634	43,49,958	4,52,957	-	48,02,915	1,92,17,719	1,96,70,676
Building - Leasehold	1,99,93,001	94,195	-	2,00,87,196	74,73,138	3,33,456	-	78,06,594	1,22,80,602	1,25,19,863
Plant and Machinery	56,44,701	3,68,592	-	60,13,293	42,67,156	2,07,454	-	44,74,610	15,38,683	13,77,545
Plant - Wind Mill - Unit-I	9,85,06,435	-	-	9,85,06,435	7,09,51,611	66,06,553	-	7,75,58,164	2,09,48,271	2,75,54,824
Plant - Wind Mill - Unit-II	15,22,39,522	9,04,00,000	-	24,26,39,522	48,05,035	61,81,799	-	1,09,86,834	23,16,52,688	14,74,34,487
Furniture, Fitting & Office Equipments	4,16,09,946	17,58,376	27,500	4,33,40,822	3,26,51,532	22,52,549	6,963	3,48,97,118	84,43,704	89,58,414
Vehicles	63,78,216	3,00,000	9,53,785	57,24,431	35,45,090	3,68,328	6,82,666	32,30,752	24,93,679	28,33,126
Total	39,42,75,263	10,16,32,982	9,81,285	49,49,26,960	12,80,43,520	1,64,03,096	6,89,629	14,37,56,987	35,11,69,973	26,62,31,743
Previous Year	29,93,61,491	9,60,13,237	10,99,465	39,42,75,263	11,59,60,618	1,31,33,020	10,50,118	12,80,43,520	26,62,31,743	18,34,00,873

Note: Assets on own use includes Rs.8,44,000 being the cost of ownership flats in a Co-operative Society in respect of which shares have been allotted under their bye-laws in the company's name.

SCHEDULE - 6 : INVESTMENTS (at cost)

(Rupees)

Sl. No	Description	Face Value Number	Per Unit	As at 31.3.2010	As at 31.3.2009
Long Term Investments					
Other than Trade					
I. Government Securities #					
a) Quoted					
1	Central Government Stock and State Government Loans (Face value of Rs.95,00,000 matured during the year)	9,05,000	100	9,02,01,120	10,00,65,870
Total - A				9,02,01,120	10,00,65,870
b) Unquoted					
2	National Savings Certificates			6,600	6,600
Total - B				6,600	6,600
II. Equity Shares - Fully Paid up					
a) Quoted					
3	Sakthi Sugars Ltd.	5,52,833	10	2,26,09,690	2,26,09,690
4	Sri Bhagavathi Textiles Ltd.	5	100	3,625	3,625
5	Sri Chamundeswari Sugars Ltd.	1,40,000	10	7,82,625	7,82,625
6	Bannari Amman Sugars Ltd.	10,000	10	7,60,000	7,60,000
7	Chokani International Ltd.	100	10	2,000	2,000
8	Stiles India Ltd.	100	10	2,300	2,300
Total - C				2,41,60,240	2,41,60,240
III. Equity Shares - Fully Paid up					
a) Unquoted					
9	ABT Co-operative Stores Ltd.	500	10	5,000	5,000
10	ABT Industries Ltd.	1,50,000	10	15,00,000	15,00,000
11	Sakthi Beverages Ltd.	1,25,000	10	12,50,000	12,50,000
12	Sakthi Soft Drinks Ltd.	30,000	10	3,00,000	3,00,000
13	PSTS Heavy Lift & Shift Ltd.	30,000	10	3,00,000	3,00,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
SCHEDULE - 6 : INVESTMENTS (at Cost) (continued)

(Rupees)

Sl. No	Description	Face Value Number	Per Unit	As at 31.3.2010	As at 31.3.2009
b) Subsidiary - Unquoted					
14	Sakthi Properties (Coimbatore) Ltd.	50,000	10	5,00,000	5,00,000
Total - D				38,55,000	38,55,000
Total - (A+B+C+D)				11,82,22,960	12,80,87,710
Aggregate Value of Quoted Investments					
Cost				11,43,61,360	12,42,26,110
Market value				11,37,11,565	11,35,71,217
Aggregate Value of Unquoted Investments - At Cost				38,61,600	38,61,600

Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.

SCHEDULE - 7 : STOCK ON HIRE

Net investment in Stock on Hire	4,38,64,97,528	3,42,12,33,996
Stock on hire of assets repossessed	76,40,524	43,63,235
	4,39,41,38,052	3,42,55,97,231

SCHEDULE - 8 : CASH AND BANK BALANCES

Cash on hand	5,56,30,232	3,89,19,292
Balances with Scheduled Banks in:		
- Current Accounts	18,91,00,901	11,11,01,167
- Deposit Accounts	1,74,60,712	2,15,04,823
Unclaimed Dividend Account	3,21,803	3,24,478
	26,25,13,648	17,18,49,760

SCHEDULE - 9 : OTHER CURRENT ASSETS

Stock of Stationery, Stamps etc (at cost)	2,24,728	89,538
Interest accrued on Govt. Securities and Bank deposits	19,29,886	21,39,275
	21,54,614	22,28,813

SCHEDULE - 10 : LOANS AND ADVANCES

Loans and Advances in the nature of loans	8,45,29,076	10,01,46,578
Other advances and Deposits recoverable in cash or in kind or for value to be received	16,72,82,330	15,96,33,172
Deferred Tax Asset	1,40,92,922	1,67,60,496
Advance payment of Tax	1,61,49,222	1,57,23,392
	28,20,53,550	29,22,63,638

SCHEDULE - 11 : CURRENT LIABILITIES

Sundry Creditors:		
- For Expenses	2,01,73,091	96,02,400
- For Others	8,47,69,309	9,82,07,071
Unclaimed dividend	3,21,803	3,24,478
Interest accrued but not due on Deposits/NCD/Term loans	20,01,90,702	14,51,92,457
Deferred Tax Liability	7,20,23,530	4,96,93,632
	37,74,78,435	30,30,20,038

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
(Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE - 12 : PROVISIONS		
For Income tax and Fringe Benefit Tax (net)	3,10,925	51,47,336
For Non-performing assets	1,42,67,279	1,51,03,484
For Investments	4,100	4,100
For Employee Benefits - earlier years (net)	-	39,00,000
	<u>1,45,82,304</u>	<u>2,41,54,920</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-10	2008-09
SCHEDULE - 13 : INCOME FROM OPERATIONS		
Income from Hire purchase operations	74,24,63,516	51,34,39,898
Interest on loans and Other receipts	98,67,898	2,16,55,088
Dividend from long term Investments	2,50,000	2,20,000
Interest from long term Investments	67,28,301	74,10,846
Income from sell-down receivables	(22,52,694)	42,54,117
Bad debts recovery	23,15,011	97,33,607
	<u>75,93,72,032</u>	<u>55,67,13,556</u>
SCHEDULE - 14 : OTHER INCOME AND RECEIPTS		
Profit on Sale / Redemption of long term Investments	6,62,000	-
Profit on sale of Assets	35,500	94,700
Sale of Electricity	2,35,29,778	1,67,85,806
Miscellaneous Income	50,20,347	33,06,819
	<u>2,92,47,625</u>	<u>2,01,87,325</u>
SCHEDULE - 15 : INTEREST AND FINANCIAL CHARGES		
Interest on:		
- Non-Convertible Debentures	32,86,69,560	20,13,73,529
- Public Deposits	4,47,72,303	5,79,20,956
- Loans from Banks	5,60,84,308	4,78,19,531
- Term Loans from Financial Institutions/Corporates	3,54,29,002	3,19,46,170
Bank Charges	68,77,028	43,56,259
Other Financial Charges	11,826	64,700
Resources mobilisation Expenses	2,76,90,842	2,24,31,643
	<u>49,95,34,869</u>	<u>36,59,12,788</u>
SCHEDULE - 16 : STAFF SALARIES AND OTHER BENEFITS		
Salary, Bonus and Gratuity	6,21,28,377	4,36,67,522
Contribution to Provident and other Funds	30,34,977	26,30,525
Employees Welfare Expenses	1,00,17,197	89,65,137
	<u>7,51,80,551</u>	<u>5,52,63,184</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rupees)

	2009-10	2008-09
SCHEDULE - 17 : OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	37,33,606	33,96,972
Rates, Taxes and Licences	40,55,873	29,22,094
Communication	46,99,321	34,37,167
Insurance	8,02,025	5,64,535
Travelling and Conveyance	1,74,86,174	1,14,02,336
Printing and Stationery	32,32,245	28,99,430
Power and Fuel	25,60,257	19,72,500
Advertisements	28,61,954	15,75,119
Legal and Professional Charges	76,77,997	45,47,827
Repairs and Maintenance on:		
– Buildings	44,15,300	26,27,062
– Machinery	69,48,697	35,42,436
– Other Assets	68,89,589	58,37,354
Filing Fees	16,30,431	1,87,123
Directors' Sitting Fees	78,000	60,000
Managing Director's Remuneration	21,53,770	18,61,946
Miscellaneous Expenses	39,06,600	29,25,161
	<u>7,31,31,839</u>	<u>4,97,59,062</u>
SCHEDULE - 18 : PROVISIONS AND WRITE-OFF		
Provision for non-performing assets	80,22,603	70,82,607
Less : NPA Provision no longer required	(97,04,796)	(32,12,695)
Bad debts written off	1,95,20,948	77,62,098
Loss on Sale of Assets	2,41,656	17,247
Loss on Sale / Redemption of SLR Investments	10,26,750	5,70,000
	<u>1,91,07,161</u>	<u>1,22,19,257</u>

Subject to our Report of even date
For P.N. Raghavendra Rao & Co
Firm Regn. No.:003328S
Chartered Accountants

P.R. VITTEL
Partner
Membership No. 18111

Coimbatore
26th May 2010

S. VENKATESH
Company Secretary

For and on behalf of the Board

M. MANICKAM
Chairman

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE – 19 : NOTES ON ACCOUNTS

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

1.2 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

1.3 DEPRECIATION

- a) Depreciation on assets on own use is provided for, on straight line method by adopting the rates as prescribed under Schedule XIV to the Companies Act 1956.
- b) For assets under own use acquired during the current year costing Rs.5,000 each or below, the total cost of the asset has been depreciated.

1.4 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:

- 1) 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.
- 2) Income from Investments by way of dividend is recognized when the right to receive the payment is established.
- 3) Income by way of interest on Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- 4) In respect of sell-down receivables, the difference between the book value of the assets and the sale consideration, after netting of incidental expenses incurred is recognized as revenue.
- 5) Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

1.5 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.

1.6 RETIREMENT BENEFITS (ALSO REFER NOTE 9.0 OF SCHEDULE-19)

I. DEFINED CONTRIBUTION PLANS

PROVIDENT FUND (PF)

Contributions are made periodically to the PF Commissioner, under the Employees Provident Fund Scheme, in accordance with the provisions of PF and Miscellaneous Provisions Act. 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 recognised as an expense in the year incurred.

II. DEFINED BENEFIT PLANS

GRATUITY AND SICK LEAVE

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 and sick leave benefits based on actuarial valuation as at the Balance Sheet date, determined every year by LIC using the Projected Unit Credit method.

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 Mediclaim benefits. Obligations under these benefits, which are in the nature of staff welfare, are recognized as expense in the year in which they arise.

1.7 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 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 realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

1.8 STOCK ON HIRE

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

1.9 PROVISION AS PER RBI NORMS

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

2.0 BALANCE SHEET

2.1 RESERVES AND SURPLUS

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

2.2 SECURED LOANS

- a) 295 Secured Redeemable Non-Convertible Debentures of the face value of Rs.1,000 each and 2,96,60,84,341 Secured Redeemable Non-Convertible Debentures of the face value of Re.1 each issued and redeemable at par are secured by specified Hire Purchase receivables and immovable properties; the earliest date of redemption is reckoned at 12 to 36 months from the date of first allotment for each series.
- b) Term Loan from The Tamilnadu Industrial Investment Corporation Limited is secured by mortgage of immovable properties consisting of land and buildings and three Wind Electric Generators. Further, the loan is also guaranteed by two directors of the company. Amount availed and outstanding: Rs.5,22,68,000 (Sanctioned limit: Rs.6,62,68,000).
- c) Term Loan from The Tamilnadu Industrial Investment Corporation Limited is secured by specified hire purchase assets and further guaranteed by two directors of the company. Amount availed and outstanding: Rs.5,88,00,000 (Sanctioned limit: Rs.7,50,00,000).
- d) Term Loan from Small Industries Development Bank of India is secured by hypothecation of specified hire purchase assets and by collateral security of a lease hold land/building and further guaranteed by two directors of the company. Amount outstanding: Rs.2,76,00,000 (Sanctioned limit: Rs.6,00,00,000).
- e) Term Loan from Small Industries Development Bank of India is secured by hypothecation of specified hire purchase assets and further guaranteed by two directors of the company. Amount outstanding: Rs.7,27,25,000 (Sanctioned limit: Rs.7,50,00,000).

ANNUAL REPORT 2010

- f) Cash Credits/Working Capital Demand Loans from Scheduled Banks are secured by hypothecation of specified hire purchase assets, the related book debts and personal guarantee of directors. Amount availed and outstanding Rs.54,70,87,144 (Sanctioned limit Rs.75,50,00,000).

2.3 INVESTMENTS

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 investment in Government Securities for Rs.902.01 lakhs and Rs.19.30 lakhs interest accrued on the above investments in favour of trustees representing the fixed deposit holders of the company.

2.4 DEFERRED TAX

	As at 31.3.2010	(Rupees) As at 31.3.2009
Deferred Tax Liability		
Depreciation	7,20,23,530	4,96,93,632
Deferred Tax Asset		
Brought forward losses	97,26,905	1,18,22,701
Provision for non-performing assets	43,66,017	49,37,795
	1,40,92,922	1,67,60,496

2.5 CURRENT ASSETS

As per Accounting Standard (AS-19) on Lease, the details of hire purchase receivables as on 31st March 2010 for the contracts executed on or after 1st April 2001 are given below.

- a) Maturity pattern of Hire Purchase Receivables as on 31.03.2010 (Rupees)

Particulars	Gross	Net
Less than one year	2,52,82,53,446	1,85,59,57,913
Later than one year and not later than 5 years	2,99,21,44,839	2,53,05,39,615
Later than 5 years	-	-
Total	5,52,03,98,285	4,38,64,97,528

- b) Balance with Scheduled Banks in deposit accounts include **Rs. 92,500** (Rs.6,25,503) pledged with Sales Tax Authorities. Deposits with scheduled banks for Statutory Liquid assets as per RBI Norms: Rs. Nil (**Rs.44,00,000**)
- c) Bank deposits of **Rs.1,34,12,584** (Rs.1,39,90,781) are under lien towards managed business.

2.6 LOANS AND ADVANCES

- i) Loans and Advances include:
- a) Loans considered good in respect of which the Company is fully secured: **Rs.2,85,44,653** (Rs.2,58,79,716).
 - b) Loans considered good and unsecured in respect of which the Company holds no security other than the debtors' personal security: **Rs.5,59,84,423** (Rs.7,13,06,717).
 - c) Loans considered as bad and doubtful: Nil (Rs.29,60,145) for which provision has been made.
 - d) Amount due from an Officer of the Company **Rs.1,08,525** (Rs.53,736). Maximum amount outstanding during the year **Rs.1,25,889** (Rs.77,242).
 - e) Amount due from wholly owned subsidiary: **Rs.12,19,135** (Rs.9,84,637).

SAKTHI FINANCE LIMITED

2.7 CURRENT LIABILITIES

- a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2010.
- b) Micro, Small and Medium Enterprises Development Act 2006
The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and, hence, disclosures, if any, relating to the amounts unpaid as at 31st March 2010 together with interest paid/payable as required under the said Act have not been given.

3.0 PROFIT AND LOSS ACCOUNT

3.1 Income-tax deducted at source on interest **Rs.6,16,493** (Rs.8,94,073) and on other receipts **Rs.4,61,410** (Rs.5,30,951).

3.2 Computation of Commission to Vice Chairman and Managing Director under Section 349 of the Companies Act 1956.

		(Rupees)
Profit before tax as per Profit and Loss Account		10,52,62,141
Add : Depreciation as per books	1,64,03,096	
Loss on sale of investment	10,26,750	
Provision against Non performing assets	80,22,603	
Directors' sitting fees	78,000	
Managing Director's remuneration	10,92,005	
Commission to Managing Director	10,61,765	2,76,84,219
		13,29,46,360
Less : Depreciation as per Section 350 of the Companies Act 1956	1,64,03,096	
Profit on sale of investments	6,62,000	
Provision no longer required written back	97,04,796	2,67,69,892
Adjusted Net Profit		10,61,76,468
Commission payable at 1%		10,61,765

3.3 Remuneration to Vice Chairman and Managing Director

Particulars	2009-10	2008-09
Salary	6,00,000	6,00,000
Provident Fund contribution	72,000	72,000
Perquisites	4,20,005	3,20,192
Commission	10,61,765	8,69,754
Total	21,53,770	18,61,946

3.4 Miscellaneous Expenses include remuneration to Auditors towards:

Particulars	2009-10	2008-09
Statutory Audit	2,50,000	2,50,000
Tax Audit	66,500	66,500
Taxation Matters, Management services, certification etc. including Travelling Expences	4,98,495	4,08,203
Total	8,14,995	7,24,703

ANNUAL REPORT 2010

4.0 CONTINGENT LIABILITIES

(Rupees)

Particulars	2009-10	2008-09
1) Collaterals given to a bank / financial institution	2,32,676	95,71,056
2) Income Tax and Interest Tax issues pending before appellate authorities	31,11,447	31,11,447

5.0 EXPENDITURE IN FOREIGN CURRENCY (on payment basis)

Particulars	2009-10	2008-09
Travelling Expenses	9,37,686	-

6.0 AMOUNT OF NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Particulars	2009-10	2008-09
No. of non-resident shareholder	-	1
No. of equity shares held	-	see note below
Amount remitted (Rs)	-	12,50,000 (15815 UK Pounds)
Year to which it relates	-	2007

Note: The Special Interim Dividend of 5% for the year ended 31st March 2007 on 25,00,000 equity shares held by a non-resident incorporated entity was paid in April 2008.

7.0 QUANTITATIVE DETAILS OF POWER GENERATION

Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act 1956.

Particulars	2009-10	2008-09
Licensed capacity	Not applicable	Not applicable
Installed capacity*	7775 KW	5325 KW
Units generated	83,55,634	61,43,959
Units sold	82,61,503	60,52,018
Sale value (Rupees)	2,35,29,778	1,67,85,806

* Installed capacity is as certified by the management and the auditors' have relied on it, this being a technical matter.

8.0 SEGMENT REPORTING

The Company is primarily engaged in the business of asset finance. All the activities of the Company revolve around the main business. 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.

9.0 DISCLOSURE REQUIREMENTS UNDER AS-15 ON EMPLOYEE BENEFITS

Disclosures relating to the AS-15 on Employee Benefits for the year ended 31st March 2010 are furnished below:

(Rupees)

Sl. No.	Particulars	2009-10		2008-09	
		Gratuity	Sick Leave	Gratuity	Sick Leave
I	Principal Actuarial Assumptions (Expressed as weighted averages)				
	Discount rate	8.00%	7.34%	7.34%	7.34%
	Salary Escalation rate	4.00%	4.00%	3.52%	3.52%
	Attrition rate	15.95%	15.95%	18.60%	18.60%
	Expected rate of return on Plan Assets	8.00%	8.00%	8.00%	8.00%
II	Changes in the present value of the obligation (PVO) - Reconciliation of Opening and closing balances				
	PVO at the beginning of the period	71,25,706	13,80,562	60,06,000	14,96,000
	Interest cost	5,70,056	1,10,445	4,62,000	1,09,000
	Current service cost	5,73,101	2,01,620	6,14,000	3,96,000
	Past service cost - (non-vested benefits)	-	-	-	-
	Past service cost - (vested benefits)	-	-	-	-
	Benefits paid	(4,86,127)	(1,57,351)	(4,68,000)	(2,76,000)
	Actuarial loss / (gain) on obligation	93,101	33,831	11,80,000	91,000
	PVO as at the end of the period	78,75,837	15,69,107	77,94,000	18,16,000
III	Changes in the fair value of plan assets - Reconciliation of Opening & Closing balances				
	Fair value of plan Assets at the beginning of the period	38,94,000	13,74,603	34,75,000	4,05,000
	Expected return on plan assets	5,68,543	1,40,442	2,81,000	68,000
	Contributions	41,92,002	2,83,400	5,45,000	11,65,000
	Benefits paid	(4,86,127)	(1,57,351)	(4,68,000)	(2,76,000)
	Actuarial loss/(gain) on plan assets	-	-	61,000	13,000
	Fair value of Plan Assets as at the end of the period	81,68,428	16,41,094	38,94,000	13,75,000
IV	Actual Return on Plan Assets				
	Expected return on plan assets	5,68,553	1,40,442	2,81,000	68,000
	Actuarial gain/(loss) on plan assets	-	-	61,000	13,000
	Actual return on plan assets	5,68,553	1,40,442	3,42,000	81,000
V	Actuarial Gain / Loss recognized				
	Actuarial gain/(loss) for the period - Obligation	(93,101)	33,831	(11,80,000)	(91,000)
	Actuarial gain/(loss) for the period - Plan Assets	-	-	61,000	13,000
	Total (gain)/ loss for the period	(93,101)	33,831	11,19,000	78,000
	Actuarial (gain)/loss recognized in the period	(93,101)	33,831	11,19,000	78,000
	Unrecognised actuarial (gain)/loss at the end of the year	-	-	-	-
VI	Amounts recognized in the Balance Sheet and related Analysis				
	Present value of the obligation	78,75,837	15,69,107	77,94,000	18,16,000
	Fair value of Plan Assets	81,68,428	16,41,094	38,94,000	13,75,000
	Difference	2,92,591	71,987	39,00,000	-
	Unrecognised transitional liability	-	-	-	4,41,000
	Unrecognised past service cost - non-vested benefits	-	-	-	-
	Liability recognized in the Balance Sheet	(2,92,591)	(71,987)	39,00,000	4,41,000

ANNUAL REPORT 2010

(Rupees)

Sl. No.	Particulars	2009-10		2008-09	
		Gratuity	Sick Leave	Gratuity	Sick Leave
VII	Expenses recognized in the statement of Profit and Loss				
	Current service cost	5,73,101	2,01,620	6,14,000	3,96,000
	Interest cost	5,70,056	1,10,445	4,62,000	1,09,000
	Expected return on plan assets	(5,68,553)	(1,40,442)	(2,81,000)	(68,000)
	Actuarial (gain)/loss recognized in the year	93,101	33,831	11,19,000	78,000
	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	6,67,705	2,05,454	19,14,000	5,15,000
VIII	Movements in the liability recognized in the Balance Sheet				
	Opening net liability	32,31,706	5,959	25,31,000	10,91,000
	Expenses as above	6,67,705	2,05,454	19,14,000	5,15,000
	Contributions paid	(41,92,002)	(2,83,400)	(5,45,000)	(11,65,000)
	Closing net liability	(2,92,591)	(71,987)	39,00,000	4,41,000
IX	Amount for the current period				
	Present value of obligations	78,75,837	15,69,107	77,94,000	18,16,000
	Plan Assets	81,68,428	16,41,094	38,94,000	13,75,000
	Surplus/(Deficit)	2,92,591	71,987	(39,00,000)	(4,41,000)
	Experience adjustments on plan liabilities - (loss) / gain	(93,101)	(33,831)	(9,46,000)	(36,000)
	Exp. adjustments on plan assets - (loss)/gain	-	-	61,000	13,000
X	Major categories of Plan Assets				
	Fund manager by insurer	100%	100%	100%	100%
XI	Enterprise's best estimate of contribution during next year	6,67,705	2,83,400	5,44,646	2,83,400

10.0 RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2010

Relationships

A	Subsidiary	Sakthi Properties (Coimbatore) Ltd
B	Enterprises in which the key management personnel and their relatives have significant influence	ABT Limited ABT Industries Limited Sakthi Beverages Limited Sakthifinance Financial Services Limited Sakthi Logistic Services Limited Sakthi Sugars Limited Sri Bhagavathi Textiles Limited Sri Chamundeswari Sugars Limited Sri Sakthi Textiles Limited The Gounder and Company Auto Limited N Mahalingam & Co ARC Retreading Co. Pvt. Limited Nachimuthu Industrial Association

 SAKTHI FINANCE LIMITED

C	Key Management Personnel	Sri M Balasubramaniam, Vice Chairman and Managing Director
D	Relatives of Key Management Personnel	Dr N Mahalingam, Father Sri M Manickam, Brother Sri M Srinivaasan, Brother Smt Vinodhini Balasubramaniam, Wife

Transactions with Related Parties made during the year

(Rupees)

Sl No	Nature of Transaction	Subsidiary	Related parties where control exists	Key Management Personnel	Relatives of Key Management Personnel	Total 2009-10	Previous Year 2008-09
1	Income						
	Rent received:						
	Sakthifinance Financial Services Ltd	-	3,78,000	-	-	3,78,000	2,10,000
	ABT Industries Ltd.	-	12,59,520	-	-	12,59,520	12,14,860
2	Expenses						
	Purchase of fuel:						
	N.Mahalingam & Co	-	18,29,762	-	-	18,29,762	15,64,155
	Repairing of vehicles:						
	ABT Maruti Ltd.	-	1,03,590	-	-	1,03,590	16,669
	Rent paid:						
	M.Balasubramaniam	-	2,40,000	-	-	2,40,000	2,40,000
	M. Srinivaasan	-	48,000	-	-	48,000	48,000
	Rendering of services:						
	Sakthi Properties (Coimbatore) Ltd.	2,34,498	-	-	-	2,34,498	1,92,000
	Resource Mobilisation Charges:						
	Sakthifinance Financial Services Ltd.	-	2,76,32,282	-	-	2,76,32,282	2,10,57,870
	Printing charges:						
	Rukmani Offset Press	-	5,97,357	-	-	5,97,357	6,89,222
	Finance Charges & Interest:						
	Sri Bhagavathi Textiles Ltd.	-	-	-	-	-	5,07,055
	ABT Limited	-	22,83,288	-	-	22,83,288	19,04,665
	Sri Sakthi Textiles Ltd.	-	-	-	-	-	7,99,957
	Sakthifinance Financial Services Ltd.	-	-	-	-	-	6,802
	Remuneration:						
	M.Balasubramaniam	-	-	-	-	10,92,005	9,92,192
	Commission:						
	M.Balasubramaniam	-	-	-	-	10,61,765	8,69,754
	Sitting Fees:						
	M.Manickam	-	-	-	8,000	8,000	8,000
	M.Srinivaasan	-	-	-	6,000	6,000	8,000

ANNUAL REPORT 2010

11.0 EARNINGS PER SHARE

(Rupees)

Particulars	2009-10	2008-09
Profit after tax (A)	6,28,18,464	5,21,37,005
Weighted average number of equity shares (B)	3,01,06,981	3,01,06,981
The nominal value per equity share (Rs)	10.00	10.00
Earnings per share – Basic (Rs) (A/B)	2.09	1.73
– Diluted (Rs)	1.76	1.46

12.0 Disclosure as required under Clause 32 of the Listing Agreement

Amount of loans/advances in the nature of loans outstanding from subsidiaries and associates for the year ended 31st March 2010.

Name of the Company	Outstanding as on 31.3.2010	Maximum amount outstanding during the year	Investment in shares of the company	Investment in shares of subsidiary of the company
	Rupees	Rupees	No. of shares	No. of shares
a Subsidiary				
Sakthi Properties (Coimbatore) Ltd	12,19,135	12,19,135	-	-
b Associates				
ABT Ltd	97,73,957	1,61,01,911	87,27,400	-
ABT Industries Ltd	11,27,487	11,27,487	9,19,926	-
Sakthi Management Services Ltd.	5,10,358	10,02,280	5,00,840	-
Sakthifinance Financial Services Ltd	20,807	20,807	33,90,025	-
Sri Sakthi Textiles Ltd	-	6,09,040	7,000	-
Sakthi Financial Services (Cochin) Pvt. Ltd.	30,55,043	30,55,043	18,61,336	-

13.0 DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS 2007

Sl. No.	Particulars	Amount Outstanding	Amount overdue
		(Rupees)	(Rupees)
(1)	LIABILITIES SIDE Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
	(a) Debentures: - Secured	3,13,84,53,166	-
	- Unsecured (Other than falling within the meaning of Public deposits)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	76,43,56,870	-
	(d) Inter-Corporate Loans and Borrowings	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	55,14,75,225	2,07,23,794 #
	(g) Other Loans	-	-
(2)	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)		
	(a) In the form of unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other Public deposits	55,14,75,225	2,07,23,794 #
	# represents unclaimed deposits		
(3)	ASSETS SIDE Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)		Amount Outstanding
	(a) Secured		6,91,70,458
	(b) Unsecured		18,26,40,948
(4)	Break-up of Lease Assets and Stock on Hire and Other assets counting towards AFC activities		
	(i) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		-
	(b) Operational Lease		-
	(ii) Stock on Hire including Hire charges under Sundry Debtors		
	(a) Assets on Hire		4,38,64,97,528
	(b) Repossessed Assets		76,40,524
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	Break-up of Investments	Amount Outstanding	Market Value
	Current Investments:		
	(1) Quoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

ANNUAL REPORT 2010

(Rupees)

Sl. No.	Particulars	Amount Outstanding	Market Value		
(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	2,41,60,240	2,35,10,445		
	(b) Preference	—	—		
	(ii) Debentures and Bonds	—	—		
	(iii) Units of Mutual Funds	—	—		
	(iv) Government Securities	9,02,01,120	9,02,01,120		
	(v) Others	—	—		
(2) Unquoted					
(i) Shares: (a) Equity	38,55,000	38,55,000			
(b) Preference	—	—			
(ii) Debentures and Bonds	—	—			
(iii) Units of Mutual Funds	—	—			
(iv) Government Securities	6,600	6,600			
(v) Others	—	—			
(6)	Borrower group-wise classification of assets financed as in 3 and 4 above				
	Category	Amount net of provisions			
		Secured	Unsecured	Total	
	(1) Related Parties				
	(a) Subsidiaries	—	12,19,135	12,19,135	
(b) Companies in the same group	—	—	—		
(c) Other related parties	97,73,957	47,13,695	1,44,87,652		
(2) Other than related parties	4,43,92,67,275	17,67,08,118	4,61,59,75,393		
Total	4,44,90,41,232	18,26,40,948	4,63,16,82,180		
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
	Category	Market Value / Break up or fair value or NAV		Book value (Net of provisions)	
	(1) Related Parties				
	(a) Subsidiaries		5,00,000	5,00,000	
	(b) Companies in the same group		—	—	
	(c) Other related parties		2,55,03,315	2,61,45,940	
	(2) Other than related parties		9,15,69,850	9,15,72,920	
	Total		11,75,73,165	11,82,18,860	
	(8)	Particulars			Amount
		Other Information			
(1) Gross non-performing Assets					
(a) Related parties				—	
(b) Other than related parties				3,46,78,871	
(2) Net Non-Performing Assets					
(a) Related parties				—	
(b) Other than related parties			2,04,11,592		
(3) Assets acquired in satisfaction of debt			—		

14.0 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	:	L65910TZ1955PLC000145
State Code	:	181
Balance Sheet Date	:	31.03.2010

**II. Capital raised during the year
(Amount in Rupees)**

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private placement	:	Nil

**III. Position of Mobilisation and Deployment
of Funds (Amount in Rupees)**

Total Liabilities	:	5,41,02,52,797
Total Assets	:	5,41,02,52,797

Sources of Funds

Paid up Capital and share application money	:	40,64,33,150
Reserves and Surplus	:	35,76,64,349
Secured Loans	:	3,73,01,81,311
Unsecured Loans	:	52,39,13,248
Deferred tax liability	:	7,20,23,530
Current Liabilities	:	32,00,37,209

Application of Funds

Net Fixed Assets	:	35,11,69,973
Investments	:	11,82,22,960
Deferred tax asset	:	1,40,92,922
Current Assets	:	4,92,67,66,942

**IV. Performance of the Company
(Amount in Rupees)**

Turnover	:	78,86,19,657
Total Expenditure	:	68,33,57,516
Profit before Tax	:	10,52,62,141
Profit after Tax	:	6,28,18,464
Earnings per share (Rs.)	:	2.09
Dividend Rate (%)	:	Nil

**V. Generic Names of Three Principal products/
Services of the Company (as per monetary terms)**

Item Code (ITC Code)	:	Not Applicable
Product Description	:	Deposit taking Asset Finance Company

15.0 Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's presentation.

Subject to our Report of even date
For P.N. Raghavendra Rao & Co
Firm Regn. No.:003328S
Chartered Accountants

P.R. VITTEL

Partner
Membership No. 18111

For and on behalf of the Board

M. MANICKAM

Chairman

Coimbatore
26th May 2010

S. VENKATESH
Company Secretary

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

ANNUAL REPORT 2010

**Statement pursuant to Section 212 of the
Companies Act 1956 relating to subsidiary company**

1	Name of the Company	Sakthi Properties (Coimbatore) Ltd
2	Financial year of the subsidiary ended on	31st March 2010
3	Shares of the subsidiary held by the Company on the above date	
	a) Number and face value	50,000 Equity shares of Rs 10 each
	b) Extent of shareholding	100%
4	Net aggregate amount of the profits / (losses) of the subsidiary not dealt with in the holding company's accounts	
	a) For the financial year of the subsidiary company (Rupees)	(41,82,198)
	b) For the previous financial years of the subsidiary company (Rupees)	(2,00,10,925)
5	Net aggregate amount of the profits/(losses) of the subsidiary dealt with in the holding company's accounts	
	a) For the financial year of the subsidiary company	Nil
	b) For the previous financial years of the subsidiary company	Nil

For and on behalf of the Board

M. MANICKAM
Chairman

Coimbatore
26th May 2010

S. VENKATESH
Company Secretary

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

SAKTHI PROPERTIES (COIMBATORE) LIMITED

DIRECTORS' REPORT

To the Members

Your Directors are pleased to present their Ninth Annual Report together with the audited accounts of the Company for the year ended 31st March 2010.

WORKING RESULTS

The Company reported a loss of Rs.41,82,198 for the year ended 31st March 2010. As the company's property development activities are progressing, it hopes to make profit in coming years and the accumulated losses will be wiped out.

BUSINESS

The Company's properties continue to be let out for commercial purpose.

DEPOSITS

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

DIRECTORS

Sri S Chandrasekhar, Director retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

AUDITORS

M/s P N Raghavendra Rao & Co, (Firm Regn.No.:003328S) Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. A certificate under Section 224(1B) has been obtained from them. Members are requested to appoint M/s P N Raghavendra Rao & Co, as Statutory Auditors of the company and fix their remuneration for the year 2010-11.

PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT 1956

The particulars required to be given in terms of Section 217(1)(e) of the Companies Act 1956 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to your company. The company has no employee drawing remuneration more than the limits prescribed under Section 217 (2A) of the Companies Act 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the financial year;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record the valuable assistance and co-operation extended by the government and debentureholders.

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

Coimbatore
25th May 2010

For and on behalf of the Board
M MANICKAM
Chairman

AUDITORS' REPORT

To the Members of the Company

1. We have audited the attached Balance Sheet of Sakthi Properties (Coimbatore) Limited as at 31st March 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give below a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 - i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
 - ii. The Company does not hold any inventories and therefore Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable.
 - iii.
 - a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - iv. During the year, the company has not purchased or sold any goods and hence commenting on the internal control procedures in this regard does not arise.
 - v.
 - a. The Company has not entered into any contract or arrangement that need to be entered in the register required to be maintained under Section 301 of the Companies Act 1956.
 - b. Since the Company has not entered into any contract or arrangement referred to in Section 301 of the Companies Act 1956, Clause 4(v)(b) of the Order is not applicable.
 - vi. The Company has not accepted deposits from the public.
 - vii. The reporting on the internal audit system is not applicable to the Company.
 - viii. The Central Government has not prescribed the maintenance of any Cost Records under Section 209(1)(d) of the Companies Act, 1956.
 - ix. The Company is regular in depositing income tax dues and depositing of other statutory dues is not applicable to the Company.
 - x. The accumulated losses of the Company as at the end of the year are more than fifty percent of its net worth. The Company has incurred cash losses during this financial year and also in the immediately preceding financial year.
 - xi. The Company has not defaulted in repayment of dues to the debenture holders during the year.
 - xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans on the basis of security by way of pledge of shares, debentures and other securities.

SAKTHI PROPERTIES (COIMBATORE) LIMITED

- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
 - xiv. According to the information and explanations given to us, the Company is not dealing in shares, securities, debentures and other investments.
 - xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 - xvi. According to the information and explanations given to us, the Company has not obtained any term loans during the year.
 - xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised short term funds for long term investment.
 - xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - xix. In our opinion and according to the information and explanations given to us, the Company has issued Secured Redeemable Non Convertible Debentures amounting to Rs.391.73 Lakhs. The Company has created adequate securities and charges in respect of debentures issued during the year.
 - xx. The Company has not raised any money by way of public issue during the year.
 - xxi. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
4. Further to our comments referred to in paragraph 3 above, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. In our opinion, and based on the written representations received from the Directors and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - b) In so far as it relates to the Profit and Loss Account, of the loss of the Company for the year ended on that date.

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

P.R. Vittel
Partner
Membership No.18111

Coimbatore
25th May 2010

ANNUAL REPORT 2010

BALANCE SHEET AS AT 31ST MARCH 2010

(Rupees)			
	Schedule	As at 31.3.2010	As at 31.3.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	5,00,000	5,00,000
Loan Funds			
Secured Loans	2	5,73,97,000	5,41,16,000
Total		5,78,97,000	5,46,16,000
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	13,07,07,319	13,07,07,319
Less: Accumulated Depreciation		1,62,22,808	1,40,59,688
Net Block		11,44,84,511	11,66,47,631
Current Assets, Loans and Advances			
Cash and Bank Balances	4	3,32,504	22,10,019
Loans and Advances	5	6,23,997	5,85,759
Other Current Assets	6	1,71,80,199	1,64,67,979
SUB TOTAL - (i)		1,81,36,700	1,92,63,757
Less: Current Liabilities and Provisions			
Current Liabilities	7	9,89,17,334	10,13,06,313
SUB TOTAL - (ii)		9,89,17,334	10,13,06,313
Net Current Assets (i) - (ii)		(8,07,80,634)	(8,20,42,556)
Profit and Loss Account	8	2,41,93,123	2,00,10,925
Total		5,78,97,000	5,46,16,000
Notes on accounts	13		

The Schedules referred to above form an integral part of the Balance Sheet

Subject to our Report of even date

For and on behalf of the Board

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

P.R. VITTEL
Partner
Membership No.18111

M. MANICKAM
Director

Coimbatore
25th May 2010

S. CHANDRASEKHAR
Director

 SAKTHI PROPERTIES (COIMBATORE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	2009-10	2008-09
(Rupees)			
INCOME			
Rent Receipts	9	77,36,743	76,00,394
Other Receipts		81,289	-
TOTAL - A		78,18,032	76,00,394
EXPENDITURE			
Interest and Financial charges	10	78,23,150	77,07,729
Staff Salaries and Other benefits	11	1,80,000	1,44,000
Administrative and other expenses	12	18,33,960	20,42,100
Depreciation		21,63,120	21,63,120
TOTAL - B		1,20,00,230	1,20,56,949
NET LOSS (A-B)		(41,82,198)	(44,56,555)
Balance carried to Balance Sheet		(41,82,198)	(44,56,555)
Earnings per share : Basic (Rs.)		(83.64)	(89.13)
Diluted (Rs.)		(83.64)	(89.13)
Notes on accounts	13		

The Schedules referred to above form an integral part of the Profit and Loss account

Subject to our Report of even date
For P.N. Raghavendra Rao & Co
Firm Regn. No.:003328S
Chartered Accountants

For and on behalf of the Board

P.R. VITTEL
Partner
Membership No. 18111
Coimbatore
25th May 2010

M.MANICKAM
Director

S. CHANDRASEKHAR
Director

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Rupees)

	As at 31.3.2010	As at 31.3.2009
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SCHEDULE - 1 : SHARE CAPITAL

Authorised

50,000 - Equity Shares of Rs. 10 each 5,00,000 5,00,000

Issued, Subscribed and Paid up

50,000 - Equity Shares of Rs.10 each fully paid-up 5,00,000 5,00,000

(All the shares are held by the holding company
Sakthi Finance Limited)

SCHEDULE - 2 : SECURED LOANS

Non-convertible Debentures 5,73,97,000 5,41,16,000

SCHEDULE - 3 : FIXED ASSETS

Description	Gross Block			Depreciation				Net Block		
	As at 31.3.2009	Additions	Deductions/ Adjustments	As at 31.3.2010	Up to 31.3.2009	For the Year	Withdrawn/ Adjustments	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Building	12,99,00,319	-	-	12,99,00,319	1,36,46,440	21,17,376	-	1,57,63,816	11,41,36,503	11,62,53,879
Plant, Machinery and Eqpts.	3,38,000	-	-	3,38,000	1,22,264	16,056	-	1,38,320	1,99,680	2,15,736
Furniture, Fitting & Office Eqpts.	4,69,000	-	-	4,69,000	2,90,984	29,688	-	3,20,672	1,48,328	1,78,016
Total	13,07,07,319	-	-	13,07,07,319	1,40,59,688	21,63,120	-	1,62,22,808	11,44,84,511	11,66,47,631
Previous year	13,07,07,319	-	-	13,07,07,319	1,18,96,567	21,63,120	-	1,40,59,688	11,66,47,631	11,88,10,752

	As at 31.3.2010	As at 31.3.2009
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SCHEDULE - 4 : CASH AND BANK BALANCES

Balance with Scheduled Banks in:

- Current Account 3,32,504 22,10,019

SCHEDULE - 5 : LOANS AND ADVANCES

Other Advances recoverable 6,23,997 5,85,759

SCHEDULE - 6 : OTHER CURRENT ASSETS

Advance for purchase of Vehicle / Land 1,37,13,492 1,37,13,492

Rent receivable 4,90,642 2,73,739

Advance Income Tax / TDS (net of provisions) 29,76,065 24,80,748

1,71,80,199 **1,64,67,979**

 SAKTHI PROPERTIES (COIMBATORE) LIMITED

(Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE - 7 : CURRENT LIABILITIES		
Sundry Creditors:		
- For Expenses	17,561	19,561
- For Other Finance	25,16,059	25,64,312
- For purchases and capital expenditure	3,07,74,515	2,39,25,017
Advance from Customers	6,13,56,648	7,13,56,648
Interest accrued but not due on Debentures	42,52,551	34,40,775
	9,89,17,334	10,13,06,313

SCHEDULE - 8 : PROFIT AND LOSS ACCOUNT		
Opening Balance	2,00,10,925	1,55,54,370
Add: Loss for the year	41,82,198	44,56,555
	2,41,93,123	2,00,10,925

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2009-10	2008-09
SCHEDULE - 9 : RENT RECEIPTS		
Rent received	77,36,743	76,00,394
	77,36,743	76,00,394
SCHEDULE - 10 : INTEREST AND FINANCIAL CHARGES		
Interest on Non-convertible Debentures	68,11,159	61,96,210
Interest - Others	4,51,500	4,81,089
Bank Charges	34,703	26,305
Brokerage and Commission	5,25,788	10,04,125
	78,23,150	77,07,729
SCHEDULE - 11 : STAFF SALARIES AND OTHER BENEFITS		
Salaries, Bonus and Other Benefits	1,80,000	1,44,000
	1,80,000	1,44,000
SCHEDULE - 12 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent	12,60,000	12,60,000
Rates, Taxes and Licences	3,71,090	4,60,724
Telephone Expenses	28,000	28,000
Audit fees - Statutory Audit	20,000	20,000
- For Other Services	2,060	1,124
Printing and Stationery	10,000	-
Electricity and Fuel Charges	18,502	15,836
Travelling Expenses	-	1,052
Insurance	14,312	15,389
Repairs and Maintenance	-	20,896
Legal expenses and Stamp charges	-	52,454
General Expenses	310	32,699
Filing Fees	48,560	61,547
Professional Service Charges	61,126	72,379
	18,33,960	20,42,100

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE - 13 : NOTES ON ACCOUNTS

1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention on accrual basis and have been prepared to comply in all material respects with the mandatory Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act 1956.

1.2 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

1.3 DEPRECIATION

- a) Depreciation on assets on own use is provided for, on straight line method by adopting the rates as prescribed under Schedule XIV to the Companies Act 1956.
- b) For assets under own use acquired during the current year costing Rs.5,000 each or below, full depreciation has been provided for irrespective of the period of use.

1.4 REVENUE RECOGNITION

Income from rentals is recognized on accrual basis.

2.0 BALANCE SHEET

2.1 SECURED LOANS

57,397 Secured Redeemable Non-Convertible Debentures of the face value of Rs.1,000 each issued and redeemable at par are secured by immovable properties; the earliest date of redemption is reckoned at 12 to 36 months from the date of allotment.

As per the clarification issued by the Department of Company Affairs dated 18th April 2002, the Company is not required to create Debenture Redemption Reserve as the company has suffered loss during the year.

3.0 RELATED PARTY DISCLOSURES DURING THE YEAR ENDED 31ST MARCH 2010

- a. Related Party and their relationship

Related Party	:	Sakthi Finance Ltd
Relationship	:	Holding Company
- b. Transactions with Related Party

Receiving of services	:	Rs. 2,34,498 (Rs. 1,92,000)
-----------------------	---	------------------------------------

4.0 EARNINGS PER SHARE

(Rupees)

Particulars	2009-10	2008-09
Profit / (Loss) after tax (A)	(41,82,198)	(44,56,555)
Weighted average number of equity shares (B)	50,000	50,000
The nominal value per equity share (Rs)	10.00	10.00
Earnings per share - Basic (Rs) (A/B)	(83.64)	(89.13)
- Diluted (Rs) (A/B)	(83.64)	(89.13)

5.0 GENERAL

Additional particulars as per clause 4D of Part II of Schedule VI to the Companies Act 1956 are not applicable to the company.

SAKTHI PROPERTIES (COIMBATORE) LIMITED

6. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. (CIN)	:	U07010TZ2001PLC009699
State Code	:	181
Balance Sheet Date	:	31.03.2010

II. Capital raised during the year (Amount in Rupees)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private placement	:	Nil

III. Position of Mobilisation and Deployment of Funds

(Amount in Rupees)

Total Liabilities	:	5,78,97,000
Total Assets	:	5,78,97,000

Sources of Funds

Paid up Capital	:	5,00,000
Secured Loans	:	5,73,97,000
Unsecured Loans	:	—

Application of Funds

Net Fixed Assets	:	11,44,84,511
Investments	:	—
Net Current Assets	:	(8,07,80,634)
Misc. Expenditure	:	—
Profit and Loss Account	:	2,41,93,123

IV. Performance of the Company

(Amount in Rupees)

Turnover	:	78,18,032
Total Expenditure	:	1,20,00,230
Profit / (Loss) before Tax	:	(41,82,198)
Profit / (Loss) after Tax	:	(41,82,198)
Earnings per share (Rs.)	:	(83.64)
Dividend Rate (%)	:	—

V. Generic Names of Three Principal products/ Services of the Company (as per monetary terms)

Item Code (ITC Code)	:	Not Applicable
Product Description	:	Property Development Activities

Subject to our Report of even date

For and on behalf of the Board

For P.N. Raghavendra Rao & Co

Firm Regn. No.:003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No.18111

Coimbatore

25th May 2010

M.MANICKAM

Director

S. CHANDRASEKHAR

Director

**CONSOLIDATED FINANCIAL STATEMENTS OF SAKTHI FINANCE LIMITED
AND ITS SUBSIDIARY**

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of Sakthi Finance Limited

1. We have audited the attached Consolidated Balance Sheet of Sakthi Finance Limited and its Subsidiary Company as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of the Accounting Standard (AS-21) "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the individual audited financial statements of the company and its subsidiary company included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Sakthi Finance Limited and its Subsidiary as at 31st March 2010;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Sakthi Finance Limited and its Subsidiary for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flow of Sakthi Finance Limited and its Subsidiary for the year ended on that date.

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

P.R. Vittel
Partner

Membership No.18111

Coimbatore
26th May 2010

 SAKTHI FINANCE LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

(Rupees)

	Schedule	As at 31.3.2010	As at 31.3.2009
I SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	30,10,69,810	30,10,69,810
Share application money pending allotment		10,53,63,340	5,53,63,340
Reserves and Surplus	2	33,34,71,226	27,48,34,960
2. Loan Funds			
Secured Loans	3	3,78,75,78,311	2,99,27,31,226
Unsecured Loans	4	52,39,13,248	36,91,89,676
Total		5,05,13,95,935	3,99,31,89,012
II APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	5	62,56,34,279	52,49,82,582
Less: Accumulated depreciation		15,99,79,795	14,21,03,208
Net Block		46,56,54,484	38,28,79,374
2. Investments			
	6	11,77,22,960	12,75,87,710
3. Current Assets, Loans and Advances			
Stock-on-Hire	7	4,39,41,38,052	3,42,55,97,231
Cash and Bank Balances	8	26,28,46,152	17,40,59,779
Other Current Assets	9	21,54,614	22,28,813
Loans and Advances	10	29,88,73,108	30,83,32,739
SUB TOTAL - (i)		4,95,80,11,926	3,91,02,18,562
Less: Current Liabilities and Provisions			
Current Liabilities	11	47,54,11,131	40,33,41,714
Provisions	12	1,45,82,304	2,41,54,920
SUB TOTAL - (ii)		48,99,93,435	42,74,96,634
Net Current Assets (i) - (ii)		4,46,80,18,491	3,48,27,21,928
Total		5,05,13,95,935	3,99,31,89,012
Notes on accounts	19		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

Subject to our Report of even date
For P.N. Raghavendra Rao & Co
Firm Regn. No.: 003328S
Chartered Accountants

P.R. VITTEL
Partner
Membership No.18111

Coimbatore
26th May 2010

S. VENKATESH
Company Secretary

For and on behalf of the Board

M. MANICKAM
Chairman

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

ANNUAL REPORT 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

		(Rupees)	
	Schedule	2009-10	2008-09
I. INCOME			
Income from operations	13	75,94,53,321	55,67,13,556
Other Income and Receipts	14	3,69,84,368	2,77,87,719
TOTAL - A		<u>79,64,37,689</u>	<u>58,45,01,275</u>
II. EXPENDITURE			
Interest and financial charges	15	50,73,58,019	37,36,72,971
Staff Salaries and Other benefits	16	7,53,60,551	5,54,07,184
Operating and Administrative expenses	17	7,49,65,799	5,17,48,708
Provisions and write off (net)	18	1,91,07,161	1,22,19,257
Depreciation		1,85,66,216	1,52,96,140
TOTAL - B		<u>69,53,57,746</u>	<u>50,83,44,260</u>
III. PROFIT BEFORE TAX (A-B)		10,10,79,943	7,61,57,015
Less : Provision for Taxation			
- Current Tax		1,75,60,925	1,21,43,299
- Deferred tax (Current Year)		2,49,97,472	1,46,13,310
- Fringe Benefit Tax		-	9,54,946
Net provision for Taxation (Earlier years)		(1,14,720)	7,65,010
IV. PROFIT AFTER TAX		5,86,36,266	4,76,80,450
Surplus brought forward from previous year		9,20,86,893	5,03,77,288
Less : Statutory Reserve		1,25,63,693	1,04,27,401
Balance carried to Balance Sheet		<u>13,81,59,466</u>	<u>8,76,30,337</u>
Earnings per Share : Basic (Rs.)		1.95	1.58
: Diluted (Rs.)		1.65	1.34

Notes on accounts 19

The Schedules referred to above form an integral part of the Consolidated Profit and Loss account

Subject to our Report of even date

For and on behalf of the Board

For P.N. Raghavendra Rao & Co

Firm Regn.No. 003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No. 18111

M. MANICKAM

Chairman

Coimbatore
26th May 2010

S. VENKATESH
Company Secretary

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

 SAKTHI FINANCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rupees)

	2009-10	2008-09
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,10,79,943	7,61,57,015
Add : Financial charges	<u>50,73,58,019</u>	<u>37,36,20,518</u>
Depreciation	1,85,66,216	1,52,96,140
Increase / (Decrease) in provision against Non performing assets	(8,36,205)	44,50,296
Loss / (Profit) on sale of assets	2,06,156	(77,453)
Loss on sale and redemption of long term investments	3,64,750	5,70,000
Interest received	(1,65,96,199)	(2,90,65,934)
Dividend received	(2,50,000)	(2,20,000)
Operating profit before working capital changes	60,98,92,680	44,07,30,582
(Increase) in net stock on hire	(96,85,40,821)	(82,33,09,831)
(Increase) / Decrease in bank deposits	40,44,112	(57,40,142)
(Increase) / Decrease in loans and advances	1,67,98,399	94,67,879
(Increase) / Decrease in other receivables	(4,26,62,218)	(16,96,755)
Increase in current liabilities	<u>(2,53,87,011)</u>	<u>(16,67,74,415)</u>
Cash used in operations	(40,58,54,859)	(54,73,22,682)
Financial charges	(45,03,34,150)	(34,59,33,321)
Direct taxes paid	<u>2,44,43,405</u>	<u>1,05,56,248</u>
Net cash used in Operating Activities (A)	(83,17,45,604)	(88,26,99,755)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,16,32,982)	(9,60,13,236)
Sale of fixed Assets	85,500	1,26,800
Sale / redemption of long term investments	95,00,000	1,06,57,000
Interest received	1,68,05,588	2,96,66,903
Dividend received	2,50,000	2,20,000
Net cash used in Investing Activities (B)	(7,49,91,894)	(5,53,42,533)
C CASH FLOW FROM FINANCING ACTIVITIES		
Refund of excess share application money	5,00,00,000	4,14,72,215
Increase in bank borrowings/other term loans	11,51,60,498	23,96,57,001
Increase in Secured Non convertible debentures	67,96,86,587	94,52,49,839
Increase / (Decrease) in Fixed deposits	15,47,23,572	(27,44,26,226)
Net cash from Financing Activities (C)	99,95,70,657	95,19,52,829
Net increase in cash and cash equivalents (A+B+C)	9,28,33,159	1,39,10,541
Cash and cash equivalents at the beginning of the year	15,22,30,478	13,83,19,937
Cash and cash equivalents at the end of the year	24,50,63,637	15,22,30,478
Components of cash and cash equivalents at the end of the year		
Cash on hand	5,56,30,232	3,89,19,292
Current accounts with banks	<u>18,94,33,405</u>	<u>11,33,11,186</u>

Subject to our Report of even date

For P.N. Raghavendra Rao & Co

Firm Regn. No. : 003328S

Chartered Accountants

P.R. VITTEL

Partner

Membership No.18111

Coimbatore, 26th May 2010

For and on behalf of the Board

M. MANICKAM

Chairman

S. VENKATESH

Company Secretary

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 1 : SHARE CAPITAL		
Authorised (Holding Company)		
4,00,00,000 Equity Shares of Rs.10 each	40,00,00,000	40,00,00,000
5,00,00,000 Redeemable Cumulative Preference Shares of Rs 100 each	5,00,00,000	5,00,00,000
	45,00,00,000	45,00,00,000
Issued, Subscribed and Paid up		
3,01,06,981 Equity Shares of Rs.10 each fully paid up	30,10,69,810	30,10,69,810
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve	52,61,238	52,61,238
Securities Premium Account	13,35,66,908	13,35,66,908
Statutory Reserve: As per last Balance Sheet	4,83,76,477	
Add: Transfer during the year	1,25,63,693	4,83,76,477
Balance in Profit and Loss account	13,37,02,910	8,76,30,337
	33,34,71,226	27,48,34,960
SCHEDULE 3 : SECURED LOANS		
Redeemable Non-Convertible Debentures	3,02,37,76,341	2,34,40,89,754
Term Loans from: - Financial Institutions	21,13,93,000	10,96,68,000
- From Corporates	-	13,36,30,537
From Banks : Cash Credit and Demand Loans	54,70,87,144	40,12,34,958
Interest accrued and due on Bank Cash Credit	53,21,826	41,07,977
	3,78,75,78,311	2,99,27,31,226
SCHEDULE 4 : UNSECURED LOANS		
Fixed Deposits	52,39,13,248	36,91,89,676
SCHEDULE 5 : FIXED ASSETS		

Description	Gross Block				Depreciation				Net Block	
	As at 31.3.2009	Additions	Deductions/ Adjustments	As at 31.3.2010	As at 31.3.2009	For the Year	Withdrawn/ Adjustments	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
Assets on own use :										
Land	4,58,82,808	87,11,819	-	5,45,94,627	-	-	-	-	5,45,94,627	4,58,82,808
Building - Freehold	15,39,20,953	-	-	15,39,20,953	1,79,96,398	25,70,333	-	2,05,66,731	13,33,54,222	13,59,24,555
Building - Leasehold	1,99,93,001	94,195	-	2,00,87,196	74,73,138	3,33,456	-	78,06,594	1,22,80,602	1,25,19,863
Plant and Machinery	59,82,701	3,68,592	-	63,51,293	43,89,420	2,23,510	-	46,12,930	17,38,363	15,93,281
Plant - Wind Mill - Unit -I	9,85,06,435	-	-	9,85,06,435	7,09,51,611	66,06,553	-	7,75,58,164	2,09,48,271	2,75,54,824
Plant - Wind Mill - Unit -II	15,22,39,522	9,04,00,000	-	24,26,39,522	48,05,035	61,81,799	-	1,09,86,834	23,16,52,688	14,74,34,487
Furniture, Fittings & Office Equipments	4,20,78,946	17,58,376	27,500	4,38,09,822	3,29,42,516	22,82,237	6,963	3,52,17,790	85,92,032	91,36,430
Vehicles	63,78,216	3,00,000	9,53,785	57,24,431	35,45,090	3,68,328	6,82,666	32,30,752	24,93,679	28,33,126
Total	52,49,82,582	10,16,32,982	9,81,285	62,56,34,279	14,21,03,208	1,85,66,216	6,89,629	15,99,79,795	46,56,54,484	38,28,79,374
Previous year's total	43,00,68,810	9,60,13,237	10,99,465	52,49,82,582	12,78,57,186	1,52,96,140	10,50,118	14,21,03,208	38,28,79,364	30,22,11,624

Note: Assets on own use includes Rs.8,44,000 being the cost of ownership flats in a Co-operative Society in respect of which shares have been allotted under their by-laws in the company's name.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE 6 : INVESTMENTS		
Government Stock - Quoted	9,02,01,120	10,00,65,870
Equity shares fully paid-up - Quoted	2,41,60,240	2,41,60,240
Government Securities - Unquoted	6,600	6,600
Equity shares fully paid-up - Unquoted	33,55,000	33,55,000
	11,77,22,960	12,75,87,710
SCHEDULE 7 : STOCK ON HIRE		
Net investment in stock on hire	4,38,64,97,528	3,42,12,33,996
Stock on hire of assets repossessed	76,40,524	43,63,235
	4,39,41,38,052	3,42,55,97,231
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash on hand	5,56,30,232	3,89,19,292
Balance with Scheduled Banks in:		
- Current Accounts	18,94,33,405	11,33,11,186
- Deposit Accounts	1,74,60,712	2,15,04,823
- Unpaid Dividend Account	3,21,803	3,24,478
	26,28,46,152	17,40,59,779
SCHEDULE 9 : OTHER CURRENT ASSETS		
Stock of Stationery, Stamps, etc (at cost)	2,24,728	89,538
Interest accrued on Govt.Securities and Bank deposits	19,29,886	21,39,275
	21,54,614	22,28,813
SCHEDULE 10 : LOANS AND ADVANCES		
Loans and Advances in the nature of loans	8,51,53,073	10,07,32,337
Other advances and Deposits recoverable in cash or in kind or for value to be received	18,05,01,826	17,26,35,766
Deferred Tax Asset	1,40,92,922	1,67,60,496
Advance payment of Income Tax, Wealth tax, Fringe benefit tax and Interest tax	1,91,25,287	1,82,04,140
	29,88,73,108	30,83,32,739
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors		
- For Expenses	2,01,90,652	96,21,960
- For Others	17,84,31,894	19,50,68,412
Unclaimed dividend	3,21,803	3,24,478
Interest accrued but not due on Deposits/NCD/Term loans	20,44,43,252	14,86,33,232
Deferred Tax Liability	7,20,23,530	4,96,93,632
	47,54,11,131	40,33,41,714
SCHEDULE 12 : PROVISIONS		
For Income Tax and Fringe Benefit Tax (net)	3,10,925	51,47,336
For Non performing assets	1,42,67,279	1,51,03,484
For Investments	4,100	4,100
For employee benefits (Earlier years) - Net	-	39,00,000
	1,45,82,304	2,41,54,920

ANNUAL REPORT 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2009-10	2008-09
		(Rupees)
SCHEDULE 13 : INCOME FROM OPERATIONS		
Income from Hire purchase operations	74,24,63,516	51,34,39,898
Interest on loans and Other receipts	99,49,187	2,16,55,088
Dividend from long term Investments	2,50,000	2,20,000
Interest from long term Investments	67,28,301	74,10,846
Income from sell-down Receivables	(22,52,694)	42,54,117
Bad debts recovery	23,15,011	97,33,607
	75,94,53,321	55,67,13,556
SCHEDULE 14 : OTHER INCOME AND RECEIPTS		
Profit on Sale/Redemption of long term Investments	6,62,000	-
Profit on Sale of Assets	35,500	94,700
Sale of Electricity	2,35,29,778	1,67,85,806
Miscellaneous Income	1,27,57,090	1,09,07,213
	3,69,84,368	2,77,87,719
SCHEDULE 15 : INTEREST AND FINANCIAL CHARGES		
Interest on:		
- Non- Convertible Debentures	33,54,80,719	20,75,69,739
- Fixed Deposits	4,47,72,303	5,84,02,045
- Loans from Banks	5,60,84,308	4,78,19,531
- Term Loans from Financial Institutions/Corporates	3,54,29,002	3,19,46,170
Bank Charges	69,11,731	43,82,564
Other Financial Charges	4,63,326	64,700
Resources Mobilisation Expenses	2,82,16,630	2,34,88,222
	50,73,58,019	37,36,72,971
SCHEDULE 16 : STAFF SALARIES AND OTHER BENEFITS		
Salary, Bonus and Gratuity	6,23,08,377	4,38,11,522
Contribution to Provident and other Funds	30,34,977	26,30,525
Employees Welfare Expenses	1,00,17,197	89,65,137
	7,53,60,551	5,54,07,184
SCHEDULE 17 : OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	49,93,606	46,56,972
Rates, Taxes and Licences	44,26,963	33,82,818
Communication	47,27,321	34,65,167
Insurance	8,16,337	5,79,924
Travelling and Conveyance	1,74,86,174	1,14,03,388
Printing and Stationery	32,42,245	28,99,430
Power and Fuel	25,78,759	19,88,336
Advertisement	28,61,954	15,75,119
Legal and Professional Charges	77,39,123	46,20,206
Repairs and Maintenance on:		
- Buildings	44,15,300	26,47,958
- Machinery	69,48,697	35,42,436
- Other Assets	68,89,589	58,37,354
Filing Fees	16,78,991	2,48,670
Directors' Sitting Fees	78,000	60,000
Managing Director's Remuneration	21,53,770	18,61,946
Miscellaneous Expenses	39,28,970	29,78,984
	7,49,65,799	5,17,48,708

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
(Rupees)

	2009-10	2008-09
18. PROVISIONS AND WRITE-OFF		
Provision for non-performing assets	80,22,603	70,82,607
Less: Provision for non-performing assets no longer required	(97,04,796)	(32,12,695)
Bad debts written off	1,95,20,948	77,62,098
Loss on Sale of Assets	2,41,656	17,247
Loss on sale / Redemption of investments	10,26,750	5,70,000
	<u>1,91,07,161</u>	<u>1,22,19,257</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010
SCHEDULE – 19 : NOTES ON CONSOLIDATED ACCOUNTS
1.0 SIGNIFICANT ACCOUNTING POLICIES
1.1 BASIS OF PREPARATION

The Accounting Policies of the Company used in the preparation of the Consolidated Financial Statements are in conformity with the generally accepted accounting principles in India and the Accounting Standard (AS-21) on Consolidated Financial Statements notified by the Central Government under the Companies (Accounting Standards) Rules 2006. The statements are also in conformity with the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

1.2 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the Financial Statements of Sakthi Finance Limited and its subsidiary, namely, Sakthi Properties (Coimbatore) Limited.

The Consolidated Financial Statements have been prepared on the following basis:

- i) The Financial Statements of the Parent Company and its Subsidiary Company have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating *intra-group* balances and *intra-group* transactions resulting in unrealised profit or losses.
- ii) The Consolidated Financial Statements are prepared by adopting Uniform Accounting Policies.
- iii) The financial statements of the following subsidiary have been incorporated for consolidation.

Name of the subsidiary	Country of incorporation	Proportion of ownership interest (%)
Sakthi Properties (Coimbatore) Limited	India	100

1.3 ACCOUNTING CONVENTION

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

1.4 FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

NOTES ON CONSOLIDATED ACCOUNTS (CONTD)**1.5 DEPRECIATION**

- a) Depreciation on assets on own use is provided for, on straight line method by adopting the rates as prescribed under Schedule XIV to the Companies Act 1956.
- b) For assets under own use acquired during the current year costing Rs.5,000 each or below, the total cost of the asset has been depreciated.

1.6 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.

1. Accordingly, revenue recognition has been considered in the accounts on accrual basis only on those assets classified as standard assets as stated below:
 - 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.
2. Income from Investments by way of dividend is recognized when the right to receive the payment is established.
3. Income by way of interest on Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
4. In respect of sell-down receivables, the difference between the book value of the assets and the sale consideration, after netting of incidental expenses incurred is recognised as revenue.
5. Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.
6. Rental income from the properties is accounted on accrual basis.

1.7 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.

1.8 RETIREMENT BENEFITS**I. Defined Contribution Plans****Provident Fund (PF)**

Contributions are made periodically to the PF Commissioner, under the Employees Provident Fund Scheme, in accordance with the provisions of PF and Miscellaneous Provisions Act. 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 recognised as an expense in the year incurred.

II. Defined Benefit Plans**Gratuity and Sick Leave**

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 and sick leave benefits based on actuarial valuation as at the Balance Sheet date, determined every year by LIC using the Projected Unit Credit method.

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 Mediclaim benefits. Obligations under these benefits which are in the nature of staff welfare are recognized as expense in the year in which they arise.

NOTES ON CONSOLIDATED ACCOUNTS (CONTD)
1.9 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 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 realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be future taxable income available to realize such assets.

1.10 STOCK ON HIRE

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

1.11 PROVISION AS PER RBI NORMS

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

2.0 BALANCE SHEET
2.1 RESERVES AND SURPLUS

A Statutory Reserve as per the requirements of Section 45IC of the Reserve Bank of India Act 1934 has been created at 20% of the profits after tax available for appropriation of the holding Company.

3.0 CONTINGENT LIABILITIES

(Rupees)

Particulars	2009-10	2008-09
1) Collaterals given to a bank/financial institution	2,32,676	95,71,056
2) Income Tax and Interest Tax issues pending before appellate authorities	31,11,447	31,11,447

4.0 RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2010
Relationships

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

ANNUAL REPORT 2010

NOTES ON CONSOLIDATED ACCOUNTS (CONTD)

Transactions with Related Parties made during the year (Rupees)

SI No	Nature of Transactions	Subsidiary	Related parties where control exists	Key Management Personnel	Relatives of Key Management Personnel	Total 2009-10	Previous Year 2008-09
1	Income						
	Rent received:						
	Sakthifinance Financial Services Ltd.	-	3,78,000	-	-	3,78,000	2,10,000
	ABT Industries Ltd.	-	12,59,520	-	-	12,59,520	12,14,860
2	Expenses						
	Purchase of fuel:						
	N.Mahalingam & Co	-	18,29,762	-	-	18,29,762	15,64,155
	Repairing of vehicles:						
	ABT Maruti Ltd.	-	1,03,590	-	-	1,03,590	16,699
	Rent paid:						
	M.Balasubramaniam	-	2,40,000	-	-	2,40,000	2,40,000
	M. Srinivaasan	-	48,000	-	-	48,000	48,000
	Rendering of services:						
	Sakthi Properties (Cbe) Ltd.	2,34,498	-	-	-	2,34,498	1,92,000
	Resource Mobilisation Charges:						
	Sakthifinance Financial Services Ltd.	-	2,76,32,282	-	-	2,76,32,282	2,10,57,870
	Printing charges:						
	Rukmani Offset Press	-	5,97,357	-	-	5,97,357	6,89,222
	Finance Charges & Interest:						
	Sri Bhagavathi Textiles Ltd.	-	-	-	-	-	5,07,055
	ABT Limited	-	22,83,288	-	-	22,83,288	19,04,665
	Sri Sakthi Textiles Ltd.	-	-	-	-	-	7,99,957
	Sakthifinance Financial Services Ltd.	-	-	-	-	-	6,802
	Remuneration:						
	M.Balasubramaniam	-	-	10,92,005	-	10,92,005	9,92,192
	Commission:						
	M.Balasubramaniam	-	-	10,61,765	-	10,61,765	8,69,754
	Sitting Fees:						
	M.Manickam	-	-	-	8,000	8,000	8,000
	M.Srinivaasan	-	-	-	6,000	6,000	8,000

5.0 EARNINGS PER SHARE

(Rupees)

Particulars		2009-10	2008-09
Profit after tax (A)		5,86,36,266	4,76,81,574
Weighted average number of equity shares (B)		3,01,06,981	3,01,06,981
The nominal value per equity share (Rs)		10.00	10.00
Earnings per share : Basic (Rs) (A/B)		1.95	1.58
Diluted (Rs)		1.65	1.34

6.0 Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's presentation.

Subject to our report of even date
For P.N. Raghavendra Rao & Co
Firm Regn. No. 003328S
Chartered Accountants

Signatories to Schedules 1 to 19
For and on behalf of the Board

M. MANICKAM
Chairman

P.R. Vittel

Partner
Membership No.18111
Coimbatore, 26th May 2010

S. VENKATESH
Company Secretary

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

SAKTHI FINANCE BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
TAMILNADU						
Coimbatore	641 018	62, Dr Nanjappa Road	0422	2231915	0422	2231471-4 4236200
Coimbatore (South)	641 045	36/37, Krishnaswamy Nagar, Fifty Feet Road, Ramanathapuram				
Chennai	600 004	Raja Rajeshwari Towers 29/30, Dr Radhakrishnan Salai, Mylapore	044	28114308	044	28114286
Dindigul	624 001	50, Nehruji Nagar, Municipal Colony			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabhadra Road			95424	2222209
Hosur	635 109	92/3, First Floor, KK Complex, Bangalore Road			04344	241142
Kanchipuram	631 501	4, Vallal Pachaiappan Street Mungil Mangapam Main Road			044	27231677
Kumbakonam	612 001	Anna Ice Cream Building, 1-E, Second Floor Dr Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			95452	2535585
Namakkal	637 001	'Ayyavu Complex' 25-12-A, Karuppannan Street Opp. Repco Bank, Paramathy Road				
Pollachi	642 002	102, Coimbatore Main Road			954529	225007
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 007	116, K R Square, Omalur Main Road			95427	2318840
Tirunelveli	627 002	10A/1, Tiruvananthapuram Road			0462	2502989
Tirupur	638 601	21, KPN Colony, Third Street, Near Sarathy Videos			0421	2242511
Trichy	620 018	No.16, First Cross, Thillai Nagar			95431	2765969
Tuticorin	628 033	93A-1, Thevarpuram Road			0461	2323977
Vellore	632 004	62, Bangalore Road			95416	2224653
KERALA						
Ernakulam	682 016	101-B, Land Mark Enclave, 39/3633, Sahodaran Ayyappan Road			0484	2357359
Kannur	670 002	5/1102/E, N.S.Associates, South Bazaar			0497	2703223
Kottayam	686 001	Aryattuparambil Buildings, Sastri Road			0481	2564167
Kozhikode	673 004	5/2248-D, Indira Gandhi Road	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Palakkad	678 001	N S Towers, 14/280 (16), New Stadium, Bus Stand			0491	2548137
Thrissur	680 001	Damodaran & Sons Complex, Round West			0487	2335023
KARNATAKA						
Bengaluru	560 001	204, 2nd Floor, 92, Kedia Arcade, Infantry Road			080	25583365
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, First Floor, E&S Reddy Complex Tilak Road, Opp. Saibaba Temple			0883	2433934
Vijayawada	520 008	59-14-5, V Floor, BSR Plaza, NH-5 Opp. Stella College			0866	2476333
Visakhapatnam	530 016	I Floor, D No.47-10-3/9, Medicherla Towers Near Diamond Park, Dwaraka Nagar	0891	2550060	0891	2550060
PUDUCHERRY						
	603 001	94, Kamaraj Salai			0413	2213786
HARYANA						
	122 016	A-16, Palam Udyog, Maruthi Industrial Area Plot No. 3, Gurgaon Road			0124	2342371

☪ SAKTHI FINANCE LIMITED

An Edifice Built on Trust

Regd. Office : 62, Dr. Nanjappa Road, Coimbatore - 641 018

ATTENDANCE SLIP

I hereby record my presence at the 53rd Annual General Meeting of the members of the Company held on Tuesday, 14th September 2010 at 4.30 p.m. at Smt. Padmavathi Ammal Cultural Centre, 1548, Avanashi Road, Peelamedu, Coimbatore - 641 004

Folio No. / DP ID. No. / Client ID No. :

Name and Address :

Signature of Member / Proxy

NOTE:

1. Admission restricted to Members / Proxies only.
2. A member / proxy attending the meeting must complete this attendance slip and hand it over at the entrance.

CUT HERE

CUT HERE

☪ SAKTHI FINANCE LIMITED

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Regd. Office : 62, Dr. Nanjappa Road, Coimbatore - 641 018

PROXY FORM

I / We of
 in the district of being a
 member / members of the above - named Company, hereby appoint
 of
 in the district of or failing him
 of
 in the district of as my / our proxy to attend and vote
 for me / us and on my / our behalf at the FIFTY THIRD ANNUAL GENERAL MEETING of the
 Company to be held on Tuesday, 14th September 2010 at 4.30 p.m. and at any adjournment
 thereof.

Signed this day of 2010

Folio No. / DP ID. No. / Client ID No. :

No. of Shares:

Affix 15 Paise Revenue Stamp

SIGNATURE

NOTE : The proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

BOOK POST

Printed matter

To

If undelivered, please return to:

SKDC Consultants Ltd

(Unit : Sakthi Finance Limited)

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road, Ganapathy

Coimbatore - 641 006