

 **SAKTHI FINANCE**  
AN EDIFICE BUILT ON TRUST

55th ANNUAL  
REPORT 2012

 **SAKTHI FINANCE**  
**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 (*Upto 28.9.2011*)  
Sri. A. Shanmugasundaram  
Sri. M. Srinivaasan  
Sri. P.S. Gopalakrishnan  
Dr. A. Selvakumar  
Sri. S. Ragothaman

**SENIOR MANAGEMENT**

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

**COMPANY SECRETARY**

Sri. S. Venkatesh

**REGISTERED OFFICE**

**SAKTHI FINANCE LIMITED**

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

**BANKERS**

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

**FINANCIAL INSTITUTIONS**

Small Industries Development Bank of India  
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

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# SAKTHI FINANCE LIMITED

## NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty Fifth Annual General Meeting of the members of the Company will be held on Thursday, 27th September 2012 at 4.00 p.m at Smt. Velumaniammal Memorial Hall, Sri Ramakrishna Kalyanamandapam, Avarampalayam Road, Coimbatore - 641 044 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 2012 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and Auditors.
2. To declare dividends on Preference and Equity Shares.
3. To appoint a director in place of Sri A Shanmugasundaram who retires by rotation and is eligible for reappointment.
4. To appoint a director in place of Sri M Srinivaasan who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s P N Raghavendra Rao & Co, Chartered Accountants, Coimbatore retire and are eligible for reappointment.

### 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 LESS 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.3 and 4 is annexed.
3. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m up to the date of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed from Thursday, 20th September 2012 to Thursday, 27th September 2012, both days inclusive.
5. The dividend, if declared at the Annual General Meeting, will be paid on or after 2nd October 2012 to those persons or to their mandatees:
  - a. whose names appear as Beneficial Owners as at the close of the business hours on Wednesday, 19th September 2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - b. whose names appear as Members in the Registrar of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before Thursday, 20th September 2012.
6.
  - a. As per Section 205A of the Companies Act 1956, all unclaimed dividends up to the financial year ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for the said years are requested to forward their claims to Registrar of Companies, Stock Exchange Building, Second Floor, 683 - 686, Trichy Road, Singanallur, Coimbatore - 641 005 in Form No.II prescribed under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978.
  - b. As per Section 205A (5) of the Companies Act 1956, the Company has transferred all unclaimed dividends for the financial years ended 31st March 1995 to 1997 which remained unclaimed for a period of seven years to the Investor Education and Protection Fund.

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

- c. Any amount remaining unclaimed in respect of the Special Interim Dividend of 5% paid during March 2007 on equity shares for the year ended 31st March 2007 and the Dividend of 10% for the year ended 31st March 2011 paid during October 2011 will be transferred to the Investor Education and Protection Fund during March 2014 and October 2018 respectively. Members who have not encashed their dividend warrants are requested to claim the warrants at an early date.
7. Shareholders are requested to provide Bank Account details such as Account No., IFSC Code and name of bank and branch to facilitate electronic transfer of dividend amount. The details may please be provided well in time in the form given on Page No.51 of the Annual Report sent to members of the company.
8. Members holding shares in electronic form are informed that Bank particulars registered against their respective depository account will be used by the company for payment of dividend. The Company or its Registrars can not act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.
9. Members holding shares:
  - a. in physical form are requested to:
    - i) intimate to the Company's Registrar and Transfer Agents, SKDC Consultants Limited, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006, changes, if any, in their registered address at an early date.
    - ii) consolidate their holdings into a single folio in case they hold shares under multiple folios in the identical order of name.
  - b. in electronic form are requested to intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date.
10. Members are requested to quote their folio number / Client ID / DP ID in all their correspondences.

Registered Office  
62, Dr. Nanjappa Road  
Coimbatore - 641 018  
6th August 2012

By Order of the Board  
S Venkatesh  
Company Secretary

### **Important Communication to Members**

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

To support this green initiative of the Government:

- a. members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- b. members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form given in Page No.53 of this Annual Report to SKDC Consultants Limited, Registrar and Transfer Agents, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.

**DETAILS OF DIRECTORS SEEKING REAPPOINTMENT AT THE 55TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT**
**Item No.3 and 4**

<b>Name of the Director</b>	<b>A Shanmugasundaram</b>	<b>M Srinivaasan</b>
Director Identification Number (DIN)	00001434	00102387
Date of birth and age	16th September 1936, 75 years	2nd September 1966, 45 years
Date of appointment on the Board	19th September 1979	18th April 1994
Qualifications	Intermediate	B.E., M.B.A.
Expertise in specific functional areas	He has got vast and rich experience in many industries such as Automobiles, Tyre retreading, Consumer durables, Agriculture etc. He is the Managing Director of Anamallais Retreading Company Private Limited and Managing Partner of M/s N. Mahalingam & Co, Coimbatore	He holds a Bachelor's degree in Engineering and a Post Graduate degree in Business Administration. He has got rich and varied experience in sugar industry. At present, he is the Managing Director of Sri Chamundeswari Sugars Limited and Joint Managing Director (Technical) of Sakthi Sugars Limited.
Directorships held in other public companies	Sri Sakthi Textiles Limited	ABT Limited ABT Foods Limited ABT Foods Retailing (India) Limited ABT Industries Limited Indian Sugars Exim Corporation Limited Sakthi Auto Component Limited Sakthi Management Services (Coimbatore) Limited Sakthi Properties (Coimbatore) Limited Sakthi Realty and Infrastructure Limited Sakthi Sugars Limited Sri Chamundeswari Sugars Limited The Gounder and Company Auto Limited
Memberships / Chairmanships of committee across public companies	<b>Audit Committee - Member:</b> Sakthi Finance Limited	<b>Audit Committee- Member:</b> Sakthi Finance Limited <b>Shareholders' and Investors' Grievance Committee - Member:</b> Sri Chamundeswari Sugars Limited
No. of equity shares held	7,875	2,51,355
Relationship with other directors	None	Brother of Dr M Manickam and Sri M Balasubramaniam

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### DIRECTORS' REPORT

#### To the Members

Your Directors are pleased to present their Fifty Fifth Annual Report together with the audited accounts of the company for the financial year ended 31st March 2012.

#### FINANCIAL PERFORMANCE

(₹ lakhs)

Particulars	2011-12	2010-11
<b>Profit before tax</b>	<b>1717.05</b>	1093.20
Less: Provision for:		
- Current Tax	<b>451.26</b>	255.43
- MAT credit entitlement	-	(131.86)
- Deferred tax	<b>105.38</b>	160.64
Net Provision for Income Tax (earlier years)	<b>(1.29)</b>	15.40
<b>Profit after tax</b>	<b>1161.70</b>	793.59
Add : Surplus brought forward from previous year	<b>363.92</b>	1578.96
<b>Amount available for appropriation</b>	<b>1525.62</b>	2372.55
<b>Appropriations</b>		
Transfer to Statutory Reserve	<b>232.34</b>	158.72
Transfer to General Reserve	-	1500.00
Proposed Dividend on Preference Shares ( <i>pro rata</i> )	<b>0.19</b>	-
Tax on Proposed Preference Dividend	<b>0.03</b>	-
Proposed Dividend on Equity Shares	<b>500.00</b>	301.07
Tax on Proposed Equity Dividend	<b>81.11</b>	48.84
Surplus carried to balance sheet	<b>711.95</b>	363.92
	<b>1525.62</b>	2372.55

#### BUSINESS

During the year under review, the company's disbursement touched in excess of ₹ 400 crores. The company disbursed ₹ **42133** lakhs in hire purchase business as against ₹ 35127 lakhs during the previous financial year. The collection efficiency continues to be at its best. Your directors expect even higher business volumes and profitability in the years to come.

#### RESERVES AND SURPLUS

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

#### DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share (10% on the face value of equity share of ₹ 10/- each) for the year ended 31st March 2012 and a *pro rata* dividend of ₹ 0.027 per 10% Redeemable Cumulative Preference Shares from the date of allotment. 1,98,93,019 equity shares of ₹ 10 each allotted on 31st March 2012 on preferential basis are eligible for full dividend for the year ended 31st March 2012. Further, the dividends, if approved by the members, would involve a cash outflow of ₹ 581.33 lakhs including dividend tax.

#### PREFERENTIAL ISSUE

During the year, your Company made a preferential issue of 1,98,93,019 equity shares of ₹ 10 each at ₹ 11.10 per share aggregating to ₹ 2208.13 lakhs to promoter group companies and a non-promoter company in terms of the approval of members obtained at their meeting held on 19th March 2012 and the in-principle approval of Stock Exchanges. The Allotment Committee of Directors at their meeting held on 31st March 2012 have allotted the shares to the respective allottees. Consequently, the equity share capital of the company stands increased to ₹ **50 crores** from ₹ 30.11 crores.

## SAKTHI FINANCE LIMITED

The Allotment Committee of Directors at their Meeting held on 31st March 2012 have allotted 6,90,300 10% Redeemable Cumulative Preference Shares of ₹100 each on private placement basis.

The Company has received listing approval from Bombay Stock Exchange Limited and Madras Stock Exchange Limited for listing of 1,98,93,019 equity shares allotted on preferential basis. Steps are being taken to comply with the formalities for listing.

As required under Clause 43 of the Listing Agreement regarding the utilization of issue proceeds of preferential equity issue, the company makes the following statement:

"Against the receipt of preferential equity issue proceeds of ₹2208.13 lakhs from the allottees, the company has utilized the entire issue proceeds for the purpose of increasing the Net worth, Capital Adequacy Ratio of the company as stated in the Notice of the Extraordinary General Meeting".

### **DEPOSITS**

The total deposits with the company as at 31st March 2012 stood at **₹ 2773 lakhs** as against ₹ 4,829 lakhs for the corresponding previous year.

As at the end of the financial year, 655 public deposits amounting to ₹ 208.57 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, 562 deposits amounting to ₹ 180.24 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 A Shanmugasundaram
2. Sri M Srinivaasan

The profiles of Directors, as required under Clause 49(IV)(G) of the Listing Agreement are given in the Annexure to the Notice of the 55th Annual General Meeting.

### **AUDIT COMMITTEE**

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

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

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **CORPORATE GOVERNANCE REPORT**

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

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

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

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

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

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### **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 Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
- c. the Company has 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 annual accounts of the Company has been prepared on a going concern basis.

### **AUDITORS**

M/s P N Raghavendra Rao & Co (ICAI Reg.No.003328S) Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The company has obtained a confirmation from the auditors that their reappointment, if made, at the forthcoming 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 to fix their remuneration for the financial year 2012-13.

### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record the valuable assistance and excellent 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  
29th May 2012

**M Manickam**  
Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **ECONOMY/INDUSTRY STRUCTURE AND OVERVIEW**

The Indian Economy witnessed a slow-down in 2011-12 and the growth in GDP is estimated at only 6.90 per cent as against 8.50 per cent in 2010-11 in spite of the creditable performance of the agricultural and service sectors. The output of food grains in 2011-12 touched a new peak of 250.42 million tons as against 244.78 million tons in the previous season. Though new production records have been established in many directions, the contribution of the agriculture to GDP growth was lesser at 3.38 per cent on a larger base as against 6.80 per cent. However, the growth in GDP is estimated at 6.90 per cent.

The Indian Commercial Vehicle industry is broadly classified as Light, Medium and Heavy Commercial Vehicles and further classified into new and pre-owned vehicles in the above sub-classifications. Our company mainly focuses funding for pre-owned commercial vehicles of all types. The pre-owned commercial vehicle segment is predominantly held by small, medium truck owners and first time users to whose funds requirements our company mainly caters to.

### **BALANCE OF PAYMENTS POSITION**

The quantum of foreign exchange did not increase noticeably as the external parity of the rupee dropped sharply with the Indian currency touching a low of ₹ 53.90 against the US Dollar as compared to ₹ 49.50 at the beginning of the year. The support to the economy by export earnings was significant even with the realization of lower prices in world markets comparatively due to steady decline in the value of the rupee. Thus, the exports in the whole year 2011-12 rose by 20.94% to a record \$ 303.71 billion against \$ 251.14 billion. The target of \$ 300 billion could be surpassed in spite of a cheaper rupee with a total at \$ 303.71 billion. Even with higher export earnings in forex terms the trade gap fell to \$ 184.92 billion against \$ 118.63 billion. This steep rise was due to an abnormal rise in imports by \$ 488.64 billion against \$ 369.77 billion due to dearer oil imports and a substantial rise in imports of bullion.

The balancing of deficit presented serious difficulties notwithstanding higher Net Invisible Receipts; the Current Account deficit for April to December was \$ 53.70 billion against \$ 39.60 billion. The total deficit for the whole year may rise to around \$ 70 billion. Even so, foreign exchange assets were lower at \$ 260.07 billion on 30th March 2012 against \$ 275.01 billion on April 2011. It was necessary therefore to dip into available resources and for the first time in recent years the capital account could not fill the gap fully with the required net inflows.

### **OPPORTUNITIES**

With the launch of product variances, the overall Commercial Vehicle Industry consisting of LCV, MCV and HCV has grown by 18.20 per cent in 2011-12. The Society of Indian Automobile Manufacturers Association (SIAM), an apex body, has forecast the auto industry to grow at 10-12 per cent in 2012-13. The pre-owned Commercial Vehicles segment market size is put at ₹ 520 billion. With such a huge market size, there is a very good scope to increase our market share in that segment and which will, in turn augment the growth opportunities for our company.

### **THREATS**

The ever-increasing rise in maintenance cost poses a great challenge to the purchasers of vehicle. Further, the increasing trend of interest rates is another big challenge. The cumulative effect of these may have an effect on the profitability of NBFCs which fund pre-owned vehicles segment.

The adverse balance of payments position is likely to impact on the inflationary trend through pushing up prices of petroleum, coal imports and edible oil. Consequently the pressure on margins is likely to increase.

### **BUSINESS OUTLOOK**

It is predicted that the immediate outlook for the economy is not reassuring. However, the agricultural sector is likely to perform creditably for the third season in succession. With the monsoon in the forthcoming season being normal, the rise in output of food and cash crops are expected. Hence growth in agricultural sector coupled with growth in services sector will aid the growth of GDP.

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

### PERFORMANCE AND FINANCIAL REVIEW

In the year 2011-12, the company's disbursements scaled a new high. The total disbursements for the year is **₹ 42133 lakhs** in hire purchase finance business as against ₹ 35127 lakhs in the corresponding previous financial year. As on 31st March 2012, the total deposits with the company stood at **₹ 2773 lakhs**.

The gross income for the year 2011-12 was **₹ 11594 lakhs** and the net profit after tax for the year was at **₹ 1162 lakhs**. The company has charged a depreciation and amortisation of **₹ 282 lakhs** in the statement of profit and loss.

### 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 and Risk Management Committee so as to tune 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 relationship with its employees. As on 31st March 2012, there were 355 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.

In order to secure highest competency of the Marketing Officers (MO) even at the entry level, your company in association with Kumaraguru College of Technology (KCT) has established Sakthi Excellence Academy (SEA) through which fresh graduates are being imparted exclusive training so as to make them ready to fit in at the Marketing Officer's level. These candidates are being given training in all facets of business procurements, including appraisal, legal, regulatory requirements and financial matters. With the induction of such trained candidates, the Company expects to achieve greater heights with quality assets.

For and on behalf of the Board

Coimbatore  
29th May 2012

**M Manickam**  
Chairman

### Cautionary Statement

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

## **CORPORATE GOVERNANCE REPORT**

(Pursuant to Clause 49 of the Listing Agreement)

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

### **2. BOARD OF DIRECTORS**

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

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

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

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 30th May 2011, 10th August 2011, 14th November 2011, 13th February 2012 and 19th March 2012. The gap between two meetings is within four months. The information as required under Annexure - IA to Clause 49 of the Listing Agreement is being made available to the Board for discussion and consideration at Board Meetings. The Board has also taken on record the certificates given by the senior management personnel regarding compliance with the applicable laws on quarterly basis.

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

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

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

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

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

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Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2011-12 Attendance at		As on 6th August 2012		
			Board Meeting	Last AGM	No. of other directorships <sup>1</sup>	Committee position	
						Chairman <sup>2</sup>	Member <sup>2</sup>
(excluding Sakthi Finance Ltd)							
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	4	No	10	-	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	4
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Promoter	Brother of Dr M Manickam and Sri M Balasubramaniam	5	Yes	12	-	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Independent	None	4	No	1	-	-
Sri S A Murali Prasad <sup>3</sup> DIN : 00001432	Non-executive Director, Independent	None	1	No	1	-	1
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	4	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	2	Yes	3	1	1
Sri S Ragothaman DIN: 00042395	Non-executive Director, Independent	None	2	Yes	7	3	4

1. excludes directorships in private limited companies and Section 25 company
2. only Audit Committee and Shareholders' / Investors' Grievance Committee of public limited companies are considered for this purpose.
3. retired as Director of the Company w.e.f 28th September 2011.

### 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.

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

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

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman <sup>1</sup>	4	4
Sri S A Murali Prasad, Chairman <sup>2</sup>	4	-
Sri A Shanmugasundaram, Member	4	4
Sri M Srinivaasan, Member <sup>3</sup>	4	2

1. appointed as Chairman of Audit Committee w.e.f 10th August 2011
2. resigned as Chairman and Member of Audit Committee w.e.f 10th August 2011
3. appointed as Member of Audit Committee w.e.f 10th August 2011.

## SAKTHI FINANCE LIMITED

The committee held four meetings during the financial year on 30th May 2011, 10th August 2011, 14th November 2011 and 13th February 2012. The gap between two meetings was within four months.

All members of 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 present at the last Annual General Meeting.

### **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 Committee was reconstituted on 14th November 2011 with the following three Non-executive Independent Directors:

Sri P S Gopalakrishnan, Chairman

Dr A Selvakumar, Member

Sri S Ragothaman, Member

The committee has not met during the financial year.

Remuneration policy of the company is given below:

#### **For Vice Chairman and Managing Director**

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

#### **For Non-Executive Directors**

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

The details of remuneration / sitting fees paid to the executive / non-executive directors for the year 2011-12 and the shares held by them are given below.

Name of the Director	Salary	Comm- ission	Perqui- sites	Sitting Fees	Total	No. of equity shares held
	(₹ Lakhs)					
Dr M Manickam	-	-	-	0.40	0.40	92,813
Sri M Balasubramaniam	18.00	18.44	6.76	-	43.20	1,92,000
Sri M Srinivaasan	-	-	-	0.70	0.70	2,51,355
Sri A Shanmugasundaram	-	-	-	0.90	0.90	7,875
Sri S A Murali Prasad*	-	-	-	0.10	0.10	Nil
Dr A Selvakumar	-	-	-	0.90	0.90	Nil
Sri P S Gopalakrishnan	-	-	-	0.30	0.30	Nil
Sri S Ragothaman	-	-	-	0.30	0.30	4,000

\* retired as Director with effect from 28th September 2011.

Notes:

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

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

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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 office.
4. The company has no stock option scheme either to its directors or to its employees.
5. None of the non-executive directors have any pecuniary relationship or transactions with the company.

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

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

#### **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 periodically to attend grievances of shareholders in connection with transfer of shares, transposition of shares and other investors grievances. The Committee held three meetings during the financial year on 30th September 2011, 7th December 2011 and 27th March 2012 and all the members attended the meeting.

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

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

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

The committee consists of the following Director / Executives:

Sri M Balasubramaniam, Vice Chairman and Managing Director - Chairman

Dr S Veluswamy, Senior President (Operations)

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

The committee held two meetings during the financial year on 30th May 2011 and 30th November 2011 and all the members attended the meetings.

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

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

1. Dr S Veluswamy, Senior President (Operations)
2. Sri K Guruprasad, Vice President (Operations)
3. Sri G Muniasamy, Senior General Manager (Resources)
4. Sri S Venkatesh, Company Secretary

The committee held two meetings during the financial year on 16th December 2011 and 20th December 2011 and all the members attended the meetings.

The Committee has since been reconstituted on 6th August 2012 with the following members:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director
2. Sri S Ragothaman, Director

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## 4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

## 5. GENERAL BODY MEETINGS

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

Year	AGM/EGM	Date	Time	Venue
2012	EGM	19th March 2012	10.00 a.m	Geedee Auditorium, President Hall 734, Avanashi Road Coimbatore - 641 018
2011	54th	28th September 2011	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2010	53rd	14th September 2010	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2009	52nd	11th September 2009	4.30 p.m	Suguna Auditorium, Avanashi Road Peelamedu, Coimbatore - 641 004

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

Date of AGM / EGM	Particulars of Special Resolutions passed
19th March 2012 (EGM)	1. Issue of 1,98,93,019 equity shares of ₹ 10 each at a price of ₹ 11.10 per share on preferential basis to Promoter Group Companies and a Non-Promoter Company. 2. Issue of 20,00,000 10% Redeemable Cumulative Preference Shares of ₹ 100 each for an aggregate amount of ₹ 20 Crores on private placement basis.
28th September 2011 (54th AGM)	1. Altering the Capital Clause in the Articles of Association of the company for increasing the Authorized Share Capital. 2. Keeping Registers and Index of Members and Debenture holders and copies of Annual Return at the office of Registrars and Transfer Agents of the Company.
14th September 2010 (53rd AGM)	1. Altering the Capital Clause in the Articles of Association of the company for increasing the Authorized Share Capital. 2. Issue of 2,00,71,321 equity shares of ₹ 10 each for cash at par in the ratio of 2:3 on Rights basis.
11th September 2009 (52nd AGM)	Nil

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

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

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

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

In accordance with Clause 49V of the Listing Agreement relating to CEO / CFO certification, Vice Chairman and Managing Director and Senior President (Finance and Corporate Services) have given necessary certificate to the Board for the financial year ended 31st March 2012.

### 7. MEANS OF COMMUNICATION

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

### 8. MANAGEMENT

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

### 9. DIRECTORS' REAPPOINTMENT

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

### 10. GENERAL SHAREHOLDER INFORMATION

#### 55th Annual General Meeting

Day, Date and Time : Thursday, 27th September 2012 at 4.00 p.m

Venue : Smt. Velumaniammal Memorial Hall  
Sri Ramakrishna Kalyanamandapam  
Avarampalayam Road, Coimbatore - 641 044

#### FINANCIAL CALENDAR FOR 2012-13

Unaudited financial results for the quarter ended June 2012 : Before 14th August 2012

Unaudited financial results for the quarter ending Sept. 2012 : Before 14th November 2012



## SAKTHI FINANCE LIMITED

Unaudited financial results for the quarter ending Dec. 2012 : Before 14th February 2013  
 Audited financial results for the year ending March 2013 : Before 30th May 2013  
 Annual General Meeting for the year ending March 2013 : Before 30th September 2013

### BOOK CLOSURE DATES

From Thursday, 20th September 2012 to Thursday, 27th September 2012, both days inclusive.  
 Dividend Payment Date: On or after 2nd October 2012

### 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 2011-12 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2012.

#### 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

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

The monthly high and low market price of the company's shares traded on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange Limited, Mumbai for the financial year 2011-12 are furnished below:

Month	NSE Price		BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
April 2011	10.75	9.00	10.39	8.74	19811	18976
May 2011	10.00	8.50	10.49	8.70	19254	17786
June 2011	13.85	9.95	13.71	9.23	18873	17314
July 2011	13.35	12.05	13.30	12.01	19132	18132
August 2011	12.50	10.95	12.98	11.25	18440	15766
September 2011	13.00	9.50	12.90	9.51	17212	15801
October 2011	11.00	8.90	10.75	9.13	17908	15745
November 2011	11.25	9.55	11.49	9.66	17702	15479
December 2011	10.75	9.35	11.18	9.29	17004	15136
January 2012	11.30	9.65	10.95	9.42	17259	15358
February 2012	11.55	10.05	12.03	10.05	18524	17062
March 2012	11.00	9.90	11.13	9.90	18041	16921

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### REGISTRARS AND TRANSFER AGENTS

#### SKDC Consultants Limited

(Unit: Sakthi Finance Limited)

Regd Office: 'Kanapathy Towers'

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

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

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

#### Share Transfer System

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

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and 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 reconciliation of the share capital of the company by conducting a Share Capital audit on a quarterly basis.

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

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

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

#### Code of Conduct for Prevention of Insider Trading

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

#### Unclaimed Shares Demat Suspense Account

Pursuant to amended Clause 5A of the Listing Agreement with the Stock Exchanges, the company opened a demat account viz. Unclaimed Shares Demat Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited – Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2012 are as follows:

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

## SAKTHI FINANCE LIMITED

### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2012

The distribution of shareholding as on 31st March 2012 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	13,815	89.58	19,57,978	3.92
501 - 1000	897	5.82	7,09,534	1.42
1001 - 2000	387	2.51	5,71,812	1.14
2001 - 3000	107	0.69	2,69,390	0.54
3001 - 4000	43	0.28	1,56,534	0.31
4001 - 5000	40	0.26	1,86,711	0.37
5001 - 10000	71	0.46	5,22,710	1.05
10001 & above	62	0.40	4,56,25,331	91.25
<b>Total</b>	<b>15,422</b>	<b>100.00</b>	<b>5,00,00,000</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31ST MARCH 2012

The shareholding pattern as on 31st March 2012 is as under:

Category	Percentage
Promoters	64.23
Other bodies corporate	14.59
Banks, Financial Institutions and mutual funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.05
Resident public	12.23
<b>Total</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). 2,20,80,462 Equity Shares of the Company constituting 44.18% of the paid-up capital were dematerialised as on 31st March 2012.

### LISTING AND TRADING APPROVAL FOR EQUITY SHARES ALLOTTED ON PREFERENTIAL BASIS

The Company has obtained approvals from both Stock Exchanges for listing of 1,98,93,019 equity shares allotted on preferential basis and for trading of the shares.

### NOMINATION FACILITY

The company is accepting nomination forms from members 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 Transfer Agents. Members holding shares in dematerialised form are requested to forward their nomination instructions to the depository participant concerned. Nomination is only optional and can be cancelled or varied by the member at any time.

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

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

### ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited, 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**

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### INVESTOR'S CORRESPONDENCE

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

Contact Person: Sri K Marimuthu

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

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 required under the Listing Agreement.
- The quarterly / half-yearly financial results are published in leading newspapers as mentioned above and are also displayed on the Company's website **www.sakthifinance.com**. Therefore, the results are not being separately circulated to the shareholders.
- The company takes concrete and conscious steps in ensuring that the Auditors do not make any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the company officials to the satisfaction of auditors.
- The directors are kept informed of the latest developments in laws, rules and regulations, as also the various risks to which the company is exposed and the manner in which these risks are mitigated / minimised. Therefore, the need for formal training on these issues is not felt necessary.
- No separate mechanism has been formulated to evaluate the non-executive members of the Board.
- At present, the Company does not have a well-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  
6th August 2012

**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 2012.

For Sakthi Finance Limited

Coimbatore  
6th August 2012

**M BALASUBRAMANIAM**  
Vice Chairman and Managing Director

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

To the members of Sakthi Finance Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Coimbatore  
6th August 2012

## AUDITORS' REPORT

To the Members of the Company

1. We have audited the attached Balance Sheet of Sakthi Finance Limited as at 31st March 2012, the annexed Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date. 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 (Balance as at 31.3.2011 : ₹ 25.99 lakhs) which has been fully realised during the year.
    - 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 loan granted is regular and the loan has been fully realised during the year.
    - 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 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.

## SAKTHI FINANCE LIMITED

- 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. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act 1956 for the company.
- 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 2012 for a period of more than six months from the date of becoming payable.
  - b. In our opinion and according to the information and explanations given to us, there are no disputed statutory dues.
- x. The Company has no accumulated losses as at 31st March 2012 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.
- 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 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 made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956 and the price at which such shares have been issued is not prejudicial to the interest of the company.
- xix. In our opinion and according to the information and explanations given to us, with respect to the debentures issued by the company, requisite security / charge has been created.
- xx. 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.

## ANNUAL REPORT 2012

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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956; and
  - e. on the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 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 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 2012;
    - b. in so far as it relates to the Statement of Profit and Loss, 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  
Chartered Accountants  
Firm Regn.No.:003328S

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

Coimbatore  
29th May 2012




**SAKTHI FINANCE LIMITED**
**BALANCE SHEET AS AT 31ST MARCH 2012**

(₹ lakhs)

Particulars	Note	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	<b>5,690.30</b>	3,010.70
Reserves and Surplus	3	<b>7,418.93</b>	6,680.42
		<b>13,109.23</b>	9,691.12
<b>Share application money pending allotment</b>	4	<b>7.00</b>	1,578.63
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	<b>3,627.91</b>	4,536.94
Deferred Tax Liabilities (net)	6	<b>845.34</b>	739.94
		<b>4,473.25</b>	5,276.88
<b>Current Liabilities</b>			
Short-Term Borrowings	7	<b>51,474.73</b>	44,800.72
Other Current Liabilities	8	<b>6,598.25</b>	5,927.23
Short-Term Provisions	9	<b>1,132.34</b>	788.58
		<b>59,205.32</b>	51,516.53
<b>TOTAL</b>		<b>76,794.80</b>	68,063.16
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
- Tangible Assets		<b>6,759.34</b>	7,045.49
- Intangible Assets		<b>25.32</b>	34.44
Non-Current Investments	11	<b>726.40</b>	1,177.15
Long-Term Loans and Advances	12	<b>360.60</b>	344.57
Other Non-Current Assets	13	<b>-</b>	39.78
		<b>7,871.66</b>	8,641.43
<b>Current Assets</b>			
Current Investments	14	<b>447.75</b>	-
Stock on Hire	15	<b>63,371.15</b>	53,035.05
Trade Receivables	16	<b>348.76</b>	187.00
Cash and Cash Equivalents	17	<b>1,710.42</b>	2,799.57
Short-Term Loans and Advances	18	<b>2,981.22</b>	3,283.95
Other Current Assets	19	<b>63.84</b>	116.16
		<b>68,923.14</b>	59,421.73
<b>TOTAL</b>		<b>76,794.80</b>	68,063.16

The accompanying Notes form an integral part of the financial statements

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

For and on behalf of the Board

Chartered Accountants  
Firm Regn.No.:003328S

**M. MANICKAM**  
Chairman

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

**S. VENKATESH**  
Company Secretary

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

## ANNUAL REPORT 2012

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ lakhs)

Particulars	Note	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>INCOME</b>			
Revenue from Operations	20	<b>11,194.30</b>	8,836.87
Other Income	21	<b>421.34</b>	329.71
<b>Total Revenue</b>		<b>11,615.64</b>	9,166.58
<b>EXPENSES</b>			
Employee Benefits Expense	22	<b>1,661.91</b>	1,123.00
Finance Costs	23	<b>6,699.60</b>	5,592.62
General Provision on Standard Assets		<b>25.30</b>	135.12
Depreciation and Amortization Expense	24	<b>281.54</b>	220.01
Other Expenses	25	<b>1,230.24</b>	1,002.63
<b>Total Expenses</b>		<b>9,898.59</b>	8,073.38
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>1,717.05</b>	1,093.20
Exceptional Items		-	-
<b>Profit before Extraordinary Items and Tax</b>		<b>1,717.05</b>	1,093.20
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>1,717.05</b>	1,093.20
Tax Expense:			
- Current Tax		<b>451.26</b>	255.43
- MAT Credit Entitlement		-	(131.86)
- Deferred Tax		<b>105.38</b>	160.64
- Provision for Taxation (earlier years)		<b>(1.29)</b>	15.40
<b>Profit for the year</b>		<b>1,161.70</b>	793.59
<b>Earnings per Equity Share :</b>			
Nominal Value per Equity Share	(₹)	<b>10.00</b>	10.00
Basic	(₹)	<b>3.85</b>	2.64
Diluted	(₹)	<b>3.85</b>	1.73

The accompanying Notes form an integral part of the financial statements

As per our Report attached

For and on behalf of the Board

For P.N. Raghavendra Rao & Co

Chartered Accountants

Firm Regn. No.:003328S

**M. MANICKAM**

Chairman

**P.R. VITTEL**

Partner

Membership No.18111

Coimbatore

29th May 2012

**S. VENKATESH**  
Company Secretary

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


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

(₹ lakhs)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1717.05	1093.20
Add: Financial charges	<u>6699.60</u>	<u>5592.62</u>
Depreciation and amortisation	281.54	220.01
Refund received from FBT - Earlier years	1.30	0.00
Provision for Wealth Tax - Earlier years	(0.01)	0.00
Increase / (Decrease) in diminution in value of Investments	0.00	0.04
Increase / (Decrease) in provision against Non Performing Assets	70.83	76.56
Increase / (Decrease) in provision against Standard Assets	25.30	135.12
(Profit) / Loss on sale of assets	(0.08)	(2.60)
Interest received	(312.50)	(497.90)
Dividend received	(2.53)	(2.50)
<b>Operating profit before working capital changes</b>	<b>8480.50</b>	<b>6614.55</b>
(Increase) / Decrease in net Stock on Hire	(10336.10)	(9093.67)
(Increase) / Decrease in Bank Deposits	185.08	(12.49)
(Increase) / Decrease in Long Term / Short Term Loans and Advances	199.78	(596.81)
(Increase) / Decrease in Trade receivables	(394.85)	(824.13)
Increase / (Decrease) in Other Current liabilities	<u>(673.98)</u>	<u>109.60</u>
<b>Cash used in operations</b>	<b>(2539.57)</b>	<b>(3802.95)</b>
Financial Expenses	(6133.52)	(5378.57)
Direct taxes paid	<u>335.00</u>	<u>229.57</u>
<b>Net cash used in Operating Activities</b>	<b>(A) (8338.09)</b>	<b>(8951.95)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(46.95)	(1216.93)
Sale of Fixed Assets	0.08	91.37
Sale / redemption of Long Term Investments	3.00	5.00
Interest received	312.36	498.45
Dividend received	2.53	2.50
<b>Net cash from/(used in) Investing Activities</b>	<b>(B) 271.02</b>	<b>(619.61)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Share Capital (Incl. Securities Premium)	1326.79	525.00
Increase / (Decrease) in Long term and Short term Borrowings	6179.09	9208.62
Dividend paid including Corporate Dividend tax	(349.91)	0.00
<b>Net Cash from Financing Activities</b>	<b>(C) 7155.97</b>	<b>9733.62</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(911.10)</b>	<b>162.06</b>
Cash and cash equivalents at the beginning of the year	2609.37	2447.31
Cash and cash equivalents at the end of the year	1698.27	2609.37
Components of cash and cash equivalents at the end of the Year:		
Cash on hand	616.02	859.20
Current accounts with banks	<u>1082.25</u>	<u>1750.17</u>

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

Chartered Accountants  
Firm Regn. No.:003328S

**P.R. VITTEL**  
Partner  
Membership No. 18111  
Coimbatore  
29th May 2012

**S. VENKATESH**  
Company Secretary

For and on behalf of the Board

**M. MANICKAM**  
Chairman

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

**1. A Corporate Information**

Sakthi Finance Limited ("SFL" or "the Company") is a Company having its Registered Office in Coimbatore, Tamilnadu.

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

**1. B Basis of preparation of financial statements**

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

**ii. Use of Estimates**

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

**1. C Significant Accounting Policies**

**a. Fixed Assets**

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

**b. Depreciation**

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

**c. Intangible Assets**

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

**d. 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:

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

- i) a) Hire purchase finance charges are recognized as income under the internal rate of return method.
- b) Interest on advances by way of loans are accounted for, to the extent accrued during the year.
- ii) Income from Investments by way of dividend is recognized when the right to receive the payment is established by the balance sheet date.
- iii) Income by way of interest on Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

**e. Investments**

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

**f. Retirement Benefits (Also refer Note 30 of Notes forming an integral part of the Financial Statements for the year ended 31st March 2012)**

**i) Defined Contribution Plans**

**1. Provident Fund (PF)**

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

**2. Superannuation**

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

**ii) Defined Benefit Plans**

**Gratuity**

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

**iii) Other Benefits**

Other benefits made available to employees include contributions made by the Company under (a) ESI Scheme (b) Employees Deposit Linked Insurance (c) Group Personal Accident Insurance and (d) Group 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 FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

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

**g. Leases**

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

**h. Earnings per share**

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

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

**i. Taxes on Income**

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

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

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

**j. Stock on Hire**

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

**k. Provision as per RBI Norms**

**i) Provision for Non Performing Assets**

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

**ii) Provision against Standard Assets**

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
5,50,00,000 Equity Shares of ₹10 each	<b>5500.00</b>	5500.00
20,00,000 10% Redeemable Cumulative Preference Shares of ₹100 each	<b>2000.00</b>	500.00
	<b>7500.00</b>	6000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
5,00,00,000 Equity Shares of ₹10 each fully paid-up	<b>5000.00</b>	3010.70
6,90,300 10% Redeemable Cumulative Preference Shares of ₹100 each	<b>690.30</b>	-
	<b>5690.30</b>	3010.70

**a) Reconciliation of shares and amount outstanding at the beginning and end of the year**

Particulars	No. of Shares	(₹ Lakhs)	No. of Shares	(₹ Lakhs)
<b>Equity Shares with Voting Rights</b>				
No. of Shares at the beginning of the year	<b>3,01,06,981</b>	<b>3,010.70</b>	3,01,06,981	3,010.70
Add : Fresh issue of Shares during the year	<b>1,98,93,019</b>	<b>1,989.30</b>	-	-
Number of Shares at the end of the year	<b>5,00,00,000</b>	<b>5,000.00</b>	3,01,06,981	3,010.70
<b>Redeemable Cumulative Preference Shares</b>				
No. of Shares at the beginning of the year	-	-	-	-
Add : Fresh issue of Shares during the year	<b>6,90,300</b>	<b>690.30</b>	-	-
Number of Shares at the end of the year	<b>6,90,300</b>	<b>690.30</b>	-	-

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

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

**i) Equity Shares**

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

The Board of Directors have, at their meeting held on 29th May 2012, recommended a dividend of ₹1 per share (10% of the par value of ₹10) for the year ended 31st March 2012. The dividend recommended is subject to the approval of members at the ensuing Annual General Meeting. The total amount recognised towards dividend distribution works out to **₹ 581.11 lakhs** including corporate dividend tax of **₹ 81.11 lakhs**.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

1,98,93,019 equity shares allotted on preferential basis during the year will also be entitled to full dividend. Further, these equity shares along with the pre-preferential shareholdings of allottees will be locked in as per SEBI (ICDR) Regulations 2009 and are restricted from being sold/transferred/hypothecated / pledged.

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

**Equity Shares issued on Preferential Basis**

During the year, the Company made a preferential issue of 1,98,93,019 equity shares of ₹10 each at ₹11.10 per share aggregating to ₹2208.13 lakhs to promoter group companies and a non-promoter company in terms of the approval of members obtained at their meeting held on 19th March 2012 and in-principle approval of Stock Exchanges. The Allotment Committee of Directors at their meeting held on 31st March 2012 have allotted the shares to the respective allottees. Consequently, the equity share capital of the company stands increased to **₹ 50 crores** from ₹30.11 crores with effect from that date.

Bombay and Madras Stock Exchanges have given their approval for listing of 1,98,93,019 equity shares allotted on preferential basis. Steps are being taken to comply with the formalities for listing and obtaining approval for trading of the shares.

As required under Clause 43 of the Listing Agreement regarding utilisation of issue proceeds of preferential equity issue, the company makes the following statement.

"Against the receipt of preferential equity issue proceeds of ₹2208.13 lakhs from the allottees, the company has utilised the entire issue proceeds for the purpose of increasing the Net worth, Capital Adequacy Ratio of the company as stated in the Notice of the Extraordinary General Meeting".

**ii) Redeemable Cumulative Preference Shares**

The Redeemable Cumulative Preference Shares have a par value of ₹100. These shares carry a fixed cumulative dividend of 10% per annum. These shares would be redeemable at par at the end of 3 years from the date of allotment i.e.31st March 2012.

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

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

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

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

The Board of Directors at their meeting held on 29th May 2012, have recommended a *pro rata* dividend of ₹0.027 per share (10% *pro rata* dividend for a day on a par value of ₹100) for the year ended 31st March 2012, as the allotment was made on 31st March 2012 only. The dividend recommended is subject to the approval of members at the ensuing Annual General Meeting. The total amount recognised towards dividend distribution works out to **₹ 0.22 lakhs** including corporate dividend tax of **₹ 0.03 lakhs**.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**
**c) Details of shareholders holding more than 5% shares**

Name of the Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity Shares with Voting Rights</b>				
ABT Limited	<b>87,27,400</b>	<b>17.45</b>	87,27,400	28.99
Sakthifinance Financial Services Limited	<b>81,10,000</b>	<b>16.22</b>	33,91,775	11.27
Avdhoot Finance and Investment Private Limited	<b>56,24,208</b>	<b>11.25</b>	-	-
Bridgewater Investment Corporation Limited	<b>44,50,000</b>	<b>8.90</b>	44,50,000	14.78
The Gounder and Company Auto Limited	<b>39,25,000</b>	<b>7.85</b>	8,73,324	2.90
Sakthi Financial Services (Cochin) Private Limited	<b>34,11,246</b>	<b>6.82</b>	18,61,336	6.18
<b>Redeemable Cumulative Preference Shares</b>				
Mr Jayanth Balakrishna	<b>1,00,000</b>	<b>14.49</b>	-	-

(₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
-------------	-----------------------------	-----------------------------

**3. RESERVES AND SURPLUS**
**Capital Reserve**

Balance as at the beginning and end of the year	<b>52.61</b>	52.61
	<b>52.61</b>	52.61

**Securities Premium Account**

Opening Balance	<b>1,335.67</b>	1,335.67
Add : Premium on shares received during the year	<b>218.82</b>	-
Closing Balance	<b>1,554.49</b>	1,335.67

**Revaluation Reserve**

Opening Balance	<b>2,660.10</b>	-
Add : Addition on revaluation during the year	-	2,660.10
	<b>2,660.10</b>	2,660.10
Less : Transfer to Statement of Profit and Loss	<b>60.68</b>	-
Closing Balance	<b>2,599.42</b>	2,660.10

**General Reserve**

Opening Balance	<b>1,500.00</b>	-
Add : Transfer from surplus in Statement of Profit and Loss	-	1,500.00
Closing balance	<b>1,500.00</b>	1,500.00

**Statutory Reserve pursuant to Section 45IC of the  
RBI Act 1934**

Opening Balance	<b>768.12</b>	609.40
Add : Transfer from surplus in Statement of Profit and Loss	<b>232.34</b>	158.72
Closing balance	<b>1,000.46</b>	768.12

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.

## ANNUAL REPORT 2012

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	<b>As at 31st March 2012</b>	(₹ Lakhs) As at 31st March 2011
<b>RESERVES AND SURPLUS (Contd..)</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	<b>363.92</b>	1,578.96
Add: Profit after tax for the year	<b>1,161.70</b>	793.59
	<b>1,525.62</b>	2,372.55
 (Less): Appropriations:		
Provision for Preference Dividend (₹ 0.027 per share, <i>pro rata</i> )	<b>(0.19)</b>	-
Tax on dividend - Preference Shares	<b>(0.03)</b>	-
Provision for Equity Dividend (₹ 1 per share)	<b>(500.00)</b>	(301.07)
Tax on dividend - Equity Shares	<b>(81.11)</b>	(48.84)
Transfer to Statutory Reserve	<b>(232.34)</b>	(158.72)
Transfer to General Reserve	-	(1,500.00)
Closing Surplus	<b>711.95</b>	363.92
<b>Total</b>	<b>7,418.93</b>	6,680.42

#### 4. SHARE APPLICATION MONEY PENDING ALLOTMENT

The Company had originally proposed a rights issue in 2010 and accordingly obtained the approval of members at the 53rd Annual General Meeting held in September 2010. For this issue, the company had received an amount of ₹ 1578.63 lakhs as advance towards share application money. Meanwhile, RBI had, by a circular, stipulated that the Capital Adequacy Ratio (CAR) of all deposit-taking NBFCs has to be raised from 12% to 15% before 31st March 2012. Due to paucity of time, the company decided to go for a preferential issue of equity shares. Accordingly, approval of members was obtained for the preferential issue on 19th March 2012 at an EGM. Hence the company refunded the entire share application money from the applicants to the Rights Issue and obtained share application money towards preferential issue of 1,98,93,019 equity shares. The company received from the proposed allottees an amount of ₹ 2208.84 lakhs during the period from January 2012 to March 2012. The issue price of ₹ 11.10 per share, including a premium of ₹ 1.10 per share, was determined in accordance with SEBI (ICDR) Regulations 2009. The allotment was made on 31st March 2012, within the stipulated period of 15 days from the date of approval by members. The share application money was appropriated towards the allotment. The balance of share application money to an allottee was refunded subsequently.

The Company already had sufficient Authorised Share Capital to accommodate the preferential issue.

#### 5. LONG-TERM BORROWINGS

##### Secured

Debentures	<b>1,761.97</b>	1,372.43
Term Loans from other parties	<b>949.48</b>	819.53
	<b>2,711.45</b>	2,191.96

##### Unsecured

Deposits	<b>916.46</b>	2,344.98
<b>Total</b>	<b>3,627.91</b>	4,536.94

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**Nature of security and terms of repayment for Debentures**

- a) 4,00,55,16,487 Secured Redeemable Non-Convertible Debentures of face value of ₹ 1 each and redeemable at par are secured by specified Hire Purchase receivables, 26 windmills along with land and four buildings situated at Mumbai, Coimbatore, Madurai and Chennai. The rate of interest varies from 11% to 11.50%; the date of redemption is reckoned at 12 to 36 months from the date of first allotment in relation to each of the series allotted upto 31st July 2010 and 15 to 36 months in relation to the series allotted from 1st August 2010 onwards.
- b) Out of the debentures mentioned above, **₹ 38,169.31 lakhs** (₹ 34715.19 lakhs), is classified as short-term borrowings and is shown under Note 7.
- c) **Term loans from Small Industries Development Bank of India (SIDBI) are secured as under:**

(₹ Lakhs)

Sl. No.	Amount of Term Loan Sanctioned	Rate of Interest (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2012	Amount outstanding as on 31st March 2011
			Commencement date	End date				
1	600.00 (TL-II)	12.25	1.10.2008	1.6.2011	3 mths	Hypothecation of specified Hire Purchase receivables and guarantee by two directors	-	60.00
2	750.00 (TL-III)	12.00	10.3.2010	10.11.2012	3 mths		<b>181.25</b>	454.25
3	500.00 (TL-IV)	12.00	10.12.2010	10.8.2013	3 mths		<b>257.60</b>	439.40
4	1000.00 (TL-V)	13.50	1.4.2012	1.3.2015	3 mths		<b>1000.00</b>	-

- d) **Term loan from The Tamilnadu Industrial Investment Corporation Limited (TIIC) is secured as under:**

Sl. No.	Amount of Term Loan Sanctioned	Rate of Interest (%)	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2012	Amount outstanding as on 31st March 2011
			Commencement date	End date				
1	662.68	12.00	1.10.2008	1.7.2014	6 mths	Secured by 3 nos of Vestas RRB make 600 KW WEGS, existing Wind Mill lands to the extent of 45 acres and Personal Guarantee by two Directors	<b>320.68</b>	424.68

- e) **Repayment terms for Deposits**

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

## ANNUAL REPORT 2012

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
<b>6. DEFERRED TAX LIABILITIES (net)</b>		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of depreciation	<u>1,072.95</u>	964.05
Tax effect of items constituting deferred tax assets:		
Provision for NPA/Standard Assets	<b>146.16</b>	117.71
Provision for fall in value of Investments	<b>0.02</b>	0.03
Brought forward business losses	<b>81.43</b>	106.37
	<u>227.61</u>	224.11
<b>Deferred Tax Liability (net)</b>	<b>845.34</b>	739.94
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Debentures (Refer Note 5b)	<b>38,169.31</b>	34,715.19
<b>From Banks</b>		
Cash credit/Working Capital Demand Loans	<u>13,305.42</u>	10,085.53
<b>Total</b>	<u>51,474.73</u>	44,800.72
<b>Nature of security and terms of repayment for Cash Credit/Working Capital Loans:</b>		
Cash Credits/Working Capital Demand Loans from Scheduled Banks aggregating to ₹15050.00 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of 2 / 3 directors of the company.		
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt:		
- Debentures	<b>1,154.26</b>	874.33
- Term Loans from other Parties	<b>810.05</b>	558.80
- Deposits	<b>1,706.33</b>	2,370.06
Interest accrued but not due on Deposits / NCD	<b>245.09</b>	236.97
Interest accrued and due on Bank Cash Credit	<b>38.67</b>	29.92
Unclaimed dividends	<b>10.13</b>	3.10
Application money received for allotment of securities and due for refund and interest accrued thereon	<b>0.71</b>	-
Unclaimed matured deposits and interest accrued thereon	<b>246.62</b>	261.90
Unclaimed matured debentures and interest accrued thereon	<b>1,425.00</b>	324.52
Unclaimed Interest Warrants	<b>5.26</b>	0.97
Employees related Statutory obligations	<b>9.27</b>	7.91
Advances from Customers	<b>702.77</b>	81.94
Security Deposits received	<b>0.66</b>	0.66
Tax Deducted at source	<b>20.45</b>	13.21
Liability for Expenses	<b>214.59</b>	1,158.14
Other Payables	<b>8.39</b>	4.80
<b>Total</b>	<u>6,598.25</u>	5,927.23
a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2012.		
b) The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures relating to their outstanding amount and interest have not been made.		

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits:		
Provision for bonus	<b>69.19</b>	39.71
Provision for gratuity (net)	<b>7.15</b>	14.18
	<b>76.34</b>	53.89
Other Provisions:		
Provision for Taxation (net of Advance tax and MAT Credit)	<b>24.17</b>	30.43
General Provision on Standard Assets	<b>160.43</b>	135.12
Provision for Non Performing Assets	<b>290.07</b>	219.23
Provision for preference dividend	<b>0.19</b>	-
Provision for tax on Preference dividend	<b>0.03</b>	-
Provision for proposed equity dividend	<b>500.00</b>	301.07
Provision for tax on proposed equity dividend	<b>81.11</b>	48.84
	<b>1,056.00</b>	734.69
<b>Total</b>	<b>1,132.34</b>	788.58

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

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

**ii) Provision against Standard Assets**

RBI by its Notification No.DNBS.222/CGM(US)-2011 dated 17th January 2011, has issued directions to all Non-Banking Financial Companies to make a provision of 0.25% on the Standard Assets. Accordingly, the company has made an incremental provision of ₹ 25.30 lakhs as at 31st March 2012.

**10. FIXED ASSETS**

Description	Gross Block				Accumulated Depreciation/Amortisation						Net Block	
	As at 1.4.2011	Additions / Acquisitions Through Business Combinations	Deletions/ Disposals	As at 31.3.2012	Upto 01.4.2011	On Cost	On revalued amount	Withdrawn on account of disposal	Withdrawn on account of impairment	Upto 31.3.2012	As on 31.3.2012	As on 31.3.2011
<b>Tangible Assets</b>												
Land	818.00	-	-	<b>818.00</b>	-	-	-	-	-	-	<b>818.00</b>	818.00
Buildings	2,252.15	17.60	-	<b>2,269.75</b>	135.05	<b>7.22</b>	<b>29.25</b>	-	-	<b>171.52</b>	<b>2,098.23</b>	2,117.10
Plant and Machinery	78.81	2.63	-	<b>81.44</b>	47.05	<b>2.82</b>	-	-	-	<b>49.87</b>	<b>31.57</b>	31.76
Plant - Wind Mills	5,025.22	-	-	<b>5,025.22</b>	1,061.09	<b>233.90</b>	<b>31.43</b>	-	-	<b>1,326.42</b>	<b>3,698.80</b>	3,964.12
Furniture & Fixtures	111.40	10.60	-	<b>122.00</b>	93.06	<b>7.45</b>	-	-	-	<b>100.51</b>	<b>21.49</b>	18.34
Vehicles	68.68	-	-	<b>68.68</b>	28.76	<b>5.20</b>	-	-	-	<b>33.96</b>	<b>34.72</b>	39.92
Office Equipments	299.74	17.53	1.50	<b>315.77</b>	243.49	<b>15.83</b>	-	0.08	-	<b>259.24</b>	<b>56.53</b>	56.25
<b>TOTAL A</b>	<b>8,654.00</b>	<b>48.36</b>	<b>1.50</b>	<b>8,700.86</b>	<b>1,608.50</b>	<b>272.42</b>	<b>60.68</b>	<b>0.08</b>	<b>-</b>	<b>1,941.52</b>	<b>6,759.34</b>	<b>7,045.49</b>
<b>Intangible Assets</b>												
Computer Software	72.13	-	-	<b>72.13</b>	37.69	<b>9.12</b>	-	-	-	<b>46.81</b>	<b>25.32</b>	34.44
<b>TOTAL B</b>	<b>72.13</b>	<b>-</b>	<b>-</b>	<b>72.13</b>	<b>37.69</b>	<b>9.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46.81</b>	<b>25.32</b>	<b>34.44</b>
<b>Total (A+B)</b>	<b>8,726.13</b>	<b>48.36</b>	<b>1.50</b>	<b>8,772.99</b>	<b>1,646.19</b>	<b>281.54</b>	<b>60.68</b>	<b>0.08</b>	<b>-</b>	<b>1,988.33</b>	<b>6,784.66</b>	<b>7,079.93</b>
Previous Year	4,949.27	3,877.03	100.17	8,726.13	1,437.58	220.02	-	11.40	-	1,646.20	7,079.93	3,511.70

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### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ Lakhs)

Particulars			As at 31st March 2012	As at 31st March 2011
<b>FIXED ASSETS (Contd..)</b>				
1. An amount of ₹ 8.44 lakhs pertaining to a building, comprised in the value of Buildings, includes value of five shares of ₹ 50 each in a co-operative society allotted by it (in relation to that building) under its by-laws in our company's name.				
2. Land, Buildings and Plant-Windmills were revalued as on 31st March 2011 based on a valuation report dated 9th May 2011 by an external valuer. The increase in revaluation amounted to ₹ 2660.10 lakhs as on 31st March 2011.				
<b>11. NON-CURRENT INVESTMENTS</b>				
Other than Trade : Investments in Equity Instruments				
<b>Quoted</b>				
<b>Associates</b>				
	Face Value			
	Number	Per		
		Unit (₹)		
Sakthi Sugars Ltd	552833	10	<b>226.10</b>	226.10
Sri Bhagavathi Textiles Ltd	5	100	<b>0.04</b>	0.04
Sri Chamundeswari Sugars Ltd	186666	10	<b>7.82</b>	7.82
<b>Others</b>				
Bannari Amman Sugars Ltd	10000	10	<b>7.60</b>	7.60
Chokani International Ltd	100	10	<b>0.02</b>	0.02
Stiles India Ltd	100	10	<b>0.02</b>	0.02
			<b>241.60</b>	241.60
<b>Unquoted</b>				
<b>Associates</b>				
ABT Industries Ltd	150000	10	<b>15.00</b>	15.00
Sakthi Beverages Ltd	125000	10	<b>12.50</b>	12.50
Sakthi Soft Drinks Pvt Ltd	30000	10	<b>3.00</b>	3.00
<b>Others</b>				
ABT Co-operative Stores Ltd	500	10	<b>0.05</b>	0.05
PSTS Heavy Lift & Shift Ltd	-	10	<b>-</b>	3.00
			<b>30.55</b>	33.55
<b>Investment in Government Securities</b>				
<b>Quoted</b>				
Bonds of Central Government and State Governments #	455000	100	<b>454.26</b>	902.01
<b>Unquoted</b>				
National Saving Certificates			<b>0.07</b>	0.07
			<b>726.48</b>	1,177.23
Less : Provision for diminution in value of Investments			<b>0.08</b>	0.08
<b>Net carrying amount of Investments</b>			<b>726.40</b>	1,177.15
Aggregate Book value of Quoted Investments less provision for diminution in value of Investments			<b>695.78</b>	1,143.53
Aggregate Market Value of Quoted Investments			<b>602.49</b>	1,124.75
Aggregate Book value of Unquoted Investments			<b>30.62</b>	33.62

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
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**NON-CURRENT INVESTMENTS (Contd..)**

In accordance with the Reserve Bank of India Circular No. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, the Company has created a floating charge on the statutory liquid assets comprising (both Current and non-current) investments in Government Securities for ₹902.01 lakhs and ₹18.90 lakhs interest accrued on the above investments in favour of trustees representing the fixed deposit holders of the company.

**12. LONG TERM LOANS AND ADVANCES**

(Unsecured, considered good unless stated otherwise)

Security Deposits (Secured, considered good)	<b>86.96</b>	90.21
Advance Payment of Income Tax (net of Provision) - relating to prior years	<b>58.90</b>	57.50
Other loans and advances	<b>214.74</b>	196.86
<b>Total</b>	<b>360.60</b>	344.57

**13. OTHER NON-CURRENT ASSETS (Unsecured, considered good)**

MAT Credit Entitlement	-	39.78
<b>Total</b>	-	39.78

**14. CURRENT INVESTMENTS**

Investments in Government Securities

**Quoted**

	Face Value			
	Number	Per Unit (₹)		
Bonds of Central Government and State Governments #	450000	100	<b>447.75</b>	-
<b>Total</b>			<b>447.75</b>	-
Aggregate Book Value of Quoted Investments			<b>447.75</b>	-
Aggregate Market Value of Quoted Investments			<b>447.75</b>	-

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

**Current 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 (both Current and non-current) investments in Government Securities for ₹ 902.01 lakhs and ₹18.90 lakhs interest accrued on the above investments in favour of trustees representing the fixed deposit holders of the company.

**15. STOCK ON HIRE**

Net investment in Stock on Hire	<b>63,371.15</b>	53,035.05
<b>Total</b>	<b>63,371.15</b>	53,035.05

As per Accounting Standard (AS-19) on Lease, the details of hire purchase receivables (Stock on hire) as on 31st March 2012 for the contracts executed are given below:

Particulars	Gross	Net
Less than one year	<b>40526.13</b>	<b>29547.58</b>
Later than one year and not later than 5 years	<b>41638.86</b>	<b>33823.57</b>
Later than 5 years	-	-
<b>Total</b>	<b>82164.99</b>	<b>63371.15</b>

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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ Lakhs)

Particulars	<b>As at 31st March 2012</b>	As at 31st March 2011
<b>16. TRADE RECEIVABLES</b>		
(Secured, considered good unless stated otherwise)		
Over six months:		
– Dues from sale of Wind Power	<b>348.76</b>	187.00
Others	–	–
<b>Total</b>	<b>348.76</b>	187.00
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	<b>616.02</b>	859.20
Balance with Banks :		
– Cheques, drafts on hand	<b>378.28</b>	1,057.83
– In Current Accounts	<b>703.97</b>	692.34
In Margin Money Deposits :		
– Deposits with original maturity of more than 12 months	<b>2.02</b>	187.10
In Earmarked Accounts :		
– Unpaid Dividend Accounts	<b>10.13</b>	3.10
<b>Total</b>	<b>1,710.42</b>	2,799.57
<b>18. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good unless stated otherwise)		
Prepaid Expenses:		
– Insurance Premium	<b>10.81</b>	8.35
– Annual Maintenance Contract Payments	<b>1.67</b>	–
Service Tax Credit Receivable	<b>1.01</b>	13.07
Loans and Advances to Employees	<b>141.86</b>	113.33
Other Loans and Advances:		
– Secured, considered good	<b>146.64</b>	–
– Unsecured, considered good	<b>2,679.23</b>	3,149.20
<b>Total</b>	<b>2,981.22</b>	3,283.95
Due from an officer of the company	<b>2.64</b>	3.42
<b>19. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	<b>18.90</b>	18.75
Stock of Stationery	<b>5.16</b>	5.32
MAT Credit Entitlement	<b>39.78</b>	92.09
<b>Total</b>	<b>63.84</b>	116.16



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

(₹ Lakhs)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>20. REVENUE FROM OPERATIONS</b>		
Income from Hire purchase operations	<b>10,839.88</b>	8,281.13
Interest from:		
– Loans and Other receipts	<b>248.92</b>	425.48
– Banks deposits	<b>0.03</b>	9.57
– Long Term Investments	<b>32.01</b>	62.85
– Current Investments	<b>31.55</b>	–
Bad debts recovery	<b>41.91</b>	57.84
<b>Total</b>	<b>11,194.30</b>	8,836.87
<b>21. OTHER INCOME</b>		
Interest on Income Tax	–	13.31
Income from Wind mill - Sale of Electricity	<b>407.96</b>	285.64
Dividend Income:		
– Non-Current Investments	<b>2.53</b>	2.50
Other non-operating income: (net of expenses directly attributable to such income)		
– Profit on sale of fixed assets	<b>0.08</b>	2.77
– Rental income	<b>9.98</b>	24.68
– Miscellaneous income	<b>0.79</b>	0.81
<b>Total</b>	<b>421.34</b>	329.71
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	<b>1,422.90</b>	958.26
Contributions to Provident and other Funds	<b>46.29</b>	36.05
Staff Welfare Expenses	<b>192.72</b>	128.69
<b>Total</b>	<b>1,661.91</b>	1,123.00
<b>23. FINANCE COSTS</b>		
Interest Expense on:		
– Debentures	<b>4,258.49</b>	3,689.78
– Term Loans from Financial Institutions	<b>161.81</b>	244.58
– Cash Credit from Banks	<b>1,784.66</b>	934.33
– Deposits	<b>361.12</b>	550.63
Bank Charges	<b>132.48</b>	97.29
Other Financial Charges	<b>1.04</b>	76.01
<b>Total</b>	<b>6,699.60</b>	5,592.62
<b>24. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	<b>333.10</b>	212.54
Less: Transfer from Revaluation Reserve	<b>60.68</b>	–
	<b>272.42</b>	212.54
Add: Amortization Expense	<b>9.12</b>	7.47
<b>Total</b>	<b>281.54</b>	220.01

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### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ Lakhs)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>25. OTHER EXPENSES</b>		
Rent	54.76	44.82
Rates, Taxes and Licences	50.69	41.92
Communication	43.02	44.72
Insurance	14.57	12.24
Travelling and Conveyance	186.49	183.18
Printing and Stationery	43.97	38.51
Power and Fuel	17.22	20.36
Advertisements	24.27	31.88
Auditors Remuneration for:		
– Statutory Audit	6.00	2.50
– Tax Audit	1.00	0.67
– Certification/Limited Review	4.61	2.68
– Reimbursement of Expenses	0.76	2.42
Legal and Professional Charges	70.61	78.82
Repairs and Maintenance:		
– Buildings	40.77	35.35
– Machinery	111.91	85.04
– Other Assets	90.23	79.61
Filing Fees	10.12	9.70
Directors' Sitting Fees	3.60	1.70
Miscellaneous Expenses	89.55	46.64
Provision for Non-Performing Assets (net)	55.28	55.76
Bad trade and other receivables written off	310.81	183.90
Loss on sale of assets	–	0.17
Provision against investments	–	0.04
<b>Total</b>	<b>1,230.24</b>	<b>1,002.63</b>
<b>26. COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	49.00	–
<b>27.</b> The Company has also extended collateral security of company's Building and Land belonging to a Director for Cash Credit/Working Capital Demand Loans availed from a bank.		
<b>28. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
Travelling	–	2.27
<b>29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
a. Year to which the dividend relates	2010-11	–
b. Number of non-resident shareholders	1	–
c. Number of shares on which dividend remittance was made	44,50,000	–
d. Amount remitted (₹ Lakhs)	44.50	–

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**
**30. DISCLOSURE REQUIREMENTS UNDER AS-15 ON "EMPLOYEE BENEFITS"**

(₹ Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2012 (Gratuity)	For the year ended 31st March 2011 (Gratuity)
I	<b>Principal Actuarial Assumptions</b> (Expressed as weighted averages)		
	Discount rate	8.00%	8.00%
	Salary Escalation rate	4.00%	4.00%
	Attrition rate	18.60%	18.60%
	Expected rate of return on Plan Assets	9.25%	8.00%
II	<b>Changes in the present value of the obligation (PVO) – Reconciliation of Opening and Closing balances</b>		
	PVO at the beginning of the period	102.79	78.76
	Interest cost	8.22	6.30
	Current service cost	8.56	6.75
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	(7.09)	(6.77)
	Actuarial loss / (gain) on obligation	15.81	17.75
	PVO as at the end of the period	128.30	102.79
III	<b>Changes in the fair value of plan assets – Reconciliation of Opening and Closing balances</b>		
	Fair value of plan Assets at the beginning of the period	88.61	81.68
	Expected return on plan assets	3.19	7.14
	Contributions	36.44	8.56
	Benefits paid	(7.09)	(6.77)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	121.15	88.61
IV	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	3.19	7.14
	Actuarial gain / (loss) on plan assets	-	-
	Actual return on plan assets	3.19	7.14
V	<b>Actuarial Gain / Loss recognized</b>		
	Actuarial gain / (loss) for the period– Obligation	(15.81)	(17.75)
	Actuarial gain / (loss) for the period– Plan Assets	-	-
	Total (gain)/ loss for the period	15.81	17.75
	Actuarial (gain) / loss recognized in the period	15.81	17.75
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

## ANNUAL REPORT 2012

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2012 (Gratuity)	For the year ended 31st March 2011 (Gratuity)
VI	<b>Amounts recognized in the Balance Sheet and related analyses</b>		
	Present value of the obligation	<b>128.30</b>	102.79
	Fair value of Plan Assets	<b>121.15</b>	88.61
	Difference	<b>(7.15)</b>	(14.18)
	Unrecognised transitional liability	-	-
	Unrecognised past service cost - non vested benefits	-	-
	Liability recognized in the Balance Sheet	<b>7.15</b>	14.18
VII	<b>Expenses recognized in the Statement of Profit and Loss</b>		
	Current service cost	<b>8.56</b>	6.75
	Interest cost	<b>1.67</b>	6.30
	Expected return on plan assets	<b>(3.19)</b>	(7.14)
	Actuarial (gain) / loss recognized in the year	<b>15.81</b>	17.75
	Transitional liability recognized in the year	-	-
	Past service cost - (non-vested benefits)	-	-
	Past service cost - (vested benefits)	-	-
	Expenses recognized in the Statement of Profit and Loss	<b>22.85</b>	23.67
VIII	<b>Movements in the liability recognized in the Balance Sheet</b>		
	Opening net liability	<b>20.74</b>	5.63
	Expenses as above	<b>22.85</b>	23.67
	Contributions paid	<b>(36.44)</b>	(15.11)
	Closing net liability	<b>7.15</b>	14.19
IX	<b>Amount for the current period</b>		
	Present value of obligations	<b>128.30</b>	102.79
	Plan Assets	<b>121.15</b>	82.05
	Surplus / (Deficit)	<b>(7.15)</b>	(20.74)
	Experience adjustments on plan liabilities - (loss) / gain	-	-
	Actuarial (loss) / gain on obligation	<b>(15.81)</b>	(17.75)
	Experience adjustments on plan assets - (loss) / gain	-	-
X	<b>Major categories of Plan Assets</b>		
	Fund manager by insurer	<b>100%</b>	100%
XI	<b>Enterprise's best estimate of contribution during next year</b>	<b>22.85</b>	23.67

### 31. 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.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**32. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2012**
**Relationships**

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

**Transactions with Related Parties made during the year**

(₹ Lakhs)

Sl No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2012	For the year ended 31st March 2011
1	<b>Income</b> <b>Rent received</b> Sakthifinance Financial Services Ltd ABT Industries Ltd. <b>Finance Charges and Interest</b> ABT Limited <b>Rendering of Services</b> Sakthi Properties (Coimbatore) Ltd.	 <b>4.12</b> <b>12.60</b>  <b>2.60</b>  -	 - - - - -	 - - - - -	 <b>4.12</b> <b>12.60</b>  <b>2.60</b>  -	 4.12 12.60  11.00  2.28
2	<b>Expenses</b> Purchase of fuel N. Mahalingam & Co <b>Repairing of Vehicles</b> ABT Ltd. <b>Rent paid</b> M. Balasubramaniam M. Srinivaasan	 <b>28.95</b>  <b>0.45</b>  - -	 - - - - 2.40 -	 - - - - - 0.60	 <b>28.95</b>  <b>0.45</b>  <b>2.40</b> <b>0.60</b>	 23.93  0.43  2.40 1.09

## ANNUAL REPORT 2012

### NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ Lakhs)

SI No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2012	For the year ended 31st March 2011
	<b>Resource Mobilisation Charges</b> Sakthifinance Financial Services Ltd.	-	-	-	-	76.35
	<b>Printing charges</b> Nachimuthu Industrial Association	<b>11.50</b>	-	-	<b>11.50</b>	12.77
	<b>Deputation Charges</b> Sakthifinance Financial Services Ltd.	<b>224.74</b>	-	-	<b>224.74</b>	148.53
	<b>Remuneration</b> M. Balasubramaniam	<b>24.76</b>	-	-	<b>24.76</b>	18.11
	<b>Commission</b> M. Balasubramaniam	<b>18.44</b>	-	-	<b>18.44</b>	13.17
	<b>Sitting Fees</b> M.Manickam	-	-	<b>0.40</b>	<b>0.40</b>	0.16
	M.Srinivaasan	-	-	<b>0.70</b>	<b>0.70</b>	0.16
3	<b>Assets:</b> Loans and Advances given ABT Ltd.	-	-	-	-	25.99
4	<b>Liabilities for Expenses Payable:</b> Sakthi Sugars Ltd. N. Mahalingam & Co. Nachimuthu Industrial Association Sakthifinance Financial Services Ltd.	<b>0.47</b> <b>0.15</b> <b>2.69</b> -	- - - -	- - - -	<b>0.47</b> <b>0.15</b> <b>2.69</b> -	0.65 0.04 1.33 4.18
5	<b>Share Application Money received</b> The Gounder & Co. Auto Ltd. ABT Values Ltd. ABT Foundation Ltd.	- - -	- - -	- - -	- - -	223.63 330.00 1025.00

### 33. LEASES

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognised in the Statement of Profit and Loss is ₹ 53.31 Lakhs (₹ 44.30 Lakhs).

### 34. EARNINGS PER SHARE

Particulars		For the year ended 31st March 2012	For the year ended 31st March 2011
Profit after tax (A)		<b>1161.70</b>	793.59
Less: Preference dividend		<b>0.22</b>	-
Profit after Preference dividend		<b>1161.48</b>	793.59
Weighted average number of equity shares (B)		<b>3,01,61,334</b>	3,01,06,981
The nominal value per equity share (₹)		<b>10.00</b>	10.00
Earnings per share – Basic (₹) (A/B)		<b>3.85</b>	2.64
– Diluted (₹) (A/B)		<b>3.85</b>	1.73

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**
**35. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS 2007** (₹ Lakhs)

Sl. No.	Particulars	Amount Outstanding	Amount overdue
(1)	<b>LIABILITIES SIDE:</b> <b>Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures: – Secured	<b>42579.80</b>	–
	– Unsecured (Other than falling within the meaning of Public deposit)	–	–
	(b) Deferred Credits	–	–
	(c) Term Loans	<b>1773.22</b>	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	<b>3045.23</b>	<b>208.57 #</b>
	(g) Other Loans - Cash Credit	<b>13330.40</b>	–
(2)	<b>Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>		
	(a) In the form of unsecured debentures	–	–
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c) Other Public deposits	<b>3045.23</b>	<b>208.57 #</b>
	# represents unclaimed deposits		
(3)	<b>ASSETS SIDE</b> <b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)</b>		Amount Outstanding
	(a) Secured		<b>923.92</b>
	(b) Unsecured		<b>2707.76</b>
(4)	<b>Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities</b>		
	(i) Leased Assets including lease rentals under Sundry Debtors		–
	(a) Financial Lease		–
	(b) Operational Lease		–
	(ii) Assets on Hire including Hire charges under Sundry Debtors		<b>63303.15</b>
	(a) Assets on Hire		<b>68.00</b>
	(b) Repossessed Assets		–
	(iii) Other Loans counting towards AFC Activities		–
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	<b>Break-up of Investments</b>		Amount Outstanding
	Current Investments:		
	(1) Quoted		–
	(i) Shares: (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of Mutual Funds		–
	(iv) Government Securities		<b>447.75</b>
	(v) Others		–

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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012** (₹ Lakhs)

Sl. No.	Particulars	Amount Outstanding		
(5)	(2) Unquoted			
	(i) Shares: (a) Equity	—		
	(b) Preference	—		
	(ii) Debentures and Bonds	—		
	(iii) Units of Mutual Funds	—		
	(iv) Government Securities	—		
	(v) Others	—		
	Long Term Investments:			
	(1) Quoted			
	(i) Shares: (a) Equity	241.60		
	(b) Preference	—		
	(ii) Debentures and Bonds	—		
	(iii) Units of Mutual Funds	—		
	(iv) Government Securities	454.26		
	(v) Others	—		
(2) Unquoted				
(i) Shares: (a) Equity	30.55			
(b) Preference	—			
(ii) Debentures and Bonds	—			
(iii) Units of Mutual Funds	—			
(iv) Government Securities	0.07			
(v) Others	—			
(6)	<b>Borrower group-wise classification of assets financed as in 3 and 4 above</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	(1) Related Parties			
(a) Subsidiaries	—	—	—	
(b) Companies in the same group	—	—	—	
(c) Other related parties	—	—	—	
(2) Other than related parties	64005.01	2707.76	66712.77	
<b>Total</b>	<b>64005.01</b>	<b>2707.76</b>	<b>66712.77</b>	
(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>			
	Category	Market Value / Break up or fair value or NAV	Book value (Net of provisions)	
	(1) Related Parties			
	(a) Subsidiaries	—	—	
	(b) Companies in the same group	—	—	
(c) Other related parties	168.13	261.46		
(2) Other than related parties	912.73	912.69		
<b>Total</b>	<b>1080.86</b>	<b>1174.15</b>		
(8)	<b>Other Information</b>			
	Particulars	Amount		
	(1) Gross Non-performing Assets			
	(a) Related parties		—	
	(b) Other than related parties		442.16	
(2) Net Non-Performing Assets				
(a) Related parties		—		
(b) Other than related parties		152.10		
(3) Assets acquired in satisfaction of debt		—		





**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

36. The Accounts have been prepared as per Revised Schedule VI to the Companies Act 1956, which has a significant impact on the presentation of accounts. As such, previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

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As per our Report attached  
For P.N. Raghavendra Rao & Co  
Chartered Accountants  
Firm Regn.No.:003328S  
**P.R. VITTEL**  
Partner  
Membership No. 18111  
Coimbatore  
29th May 2012

For and on behalf of the Board

**M. MANICKAM**  
Chairman

**S. VENKATESH**  
Company Secretary

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

## ANNUAL REPORT 2012

## SAKTHI FINANCE BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
<b>TAMILNADU</b>						
Coimbatore	641 018	62, Dr Nanjappa Road	0422	2231915	0422	2231471-4 4236200
Coimbatore (South)	641 045	No. 7, K.V. Nilayam, B.R. Nagar			-	-
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, Bagalur Road			04344	241142
Kallakurichi	606 202	P-88/B-18, Putru Mariamman Kovil Street, Durugam Rd			04151	223567
Kanchipuram	631 501	14, Vallal Pachaiaappan Street Mungil Mandapam Main Road			04112	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
Mettupalayam	641 301	Sundaram Type Office Complex, 41, Annur Main Rd			04254	224686
Namakkal	637 001	25-12/A, Karuppannan Street Opp. Repco Bank, Paramathy Road			-	-
Perambalur	621 212	140/2A3, 3B/7A. Second Floor Rukmani Srinivasan Complex			04328	225570
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
Sivakasi	625 189	No.1445-A, Gnanagiri Road			04562	277226
Tirunelveli	627 001	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
<b>KERALA</b>						
Ernakulam	682 016	101-B, Land Mark Enclave, 39/3633, Sahodaran Ayyappan Rd			0484	2357359
Kanhangad	671 315	No.KM/1353/Ward-1/B5/B6, Brothers Building 2nd Floor, Main Road, Near LIC Office			0467	2201102
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	5/2245-D, Indira Gandhi Road	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	D. No. 8/386-D, First Floor NH 49, Kottayil Buildings, Velloorkunnam, Market Post			0485	2812465
Palakkad	678 001	N S Towers, 16, New Stadium Bus Stand			0491	2548137
Pathanamthitta	689 645	PMC IX/1128(1) 10(E), Second Floor, Aban Arcade, Kumbazha Road			0468	2224300
Thrissur	680 001	Damodaran & Sons Complex, Round West			0487	2335023
<b>KARNATAKA</b>						
Bengaluru	560 001	204, 2nd Floor, 92, Kedia Arcade, Infantry Road			080	25583365
Mangalore	575 002	No.205 Commercial Premises, Second Floor Mangalore Shalimer Gate, Kankanady			0824	2434811
<b>MAHARASHTRA</b>						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
<b>ANDHRA PRADESH</b>						
Rajahmundry	533 103	79-16-12/21, Third Floor, E&S Reddy Complex Tilak Road, Opp. Saibaba Temple			0883	2433934
Vijayawada	520 008	59-14-5, Fifth Floor, BSR Plaza, NH-5 Opp. Mary's Stella College			0866	2476333
Visakhapatnam	530 016	49-24-51/A/6, First Floor, Flat No. 101A, Pavan Estate, Sankaramutt Road	0891	2550060	0891	2550060
<b>PUDUCHERRY</b>						
	603 001	94, Kamaraj Salai			0413	2213786
<b>HARYANA</b>						
	122 016	A-16, Palam Udyog, Maruthi Industrial Area Plot No.3, Gurgaon Road			0124	2342371

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**FOR HOLDERS OF SHARES IN PHYSICAL FORM**

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

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

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

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

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I agree to avail the NEFT introduced by RBI with respect to payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Sakthi Finance Limited responsible.

Date .....

Signature of the Sole/First Shareholder

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

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

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

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

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**E-MAIL ADDRESS REGISTRATION FORM**

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

(For shareholders who hold shares in physical form)

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

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

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

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

Place :

Date :

(Signature of First / Sole Member)

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

**SAKTHI FINANCE LIMITED**

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

**ATTENDANCE SLIP**

I hereby record my presence at the 55th Annual General Meeting of the members of the Company held on Thursday, 27th September 2012 at 4.00 p.m. at Smt. Velumaniammal Memorial Hall, Sri Ramakrishna Kalyanamandapam, Avarampalayam Road, Coimbatore - 641 044.

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.

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

**SAKTHI FINANCE LIMITED**

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 FIFTH ANNUAL GENERAL MEETING of the  
Company to be held on Thursday, 27th September 2012 at 4.00 p.m. and at any  
adjournment thereof.

Signed this ..... day of ..... 2012

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

No. of Shares:

Affix  
1 Rupee  
Revenue  
Stamp

SIGNATURE

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

## **BOOK POST**

Printed matter

To

*If undelivered, please return to:*

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