

Ψ SAKTHIFINANCE

AN EDIFICE BUILT ON TRUST

*6 decades of financial services
to the transport industry*



ANNUAL
2018
REPORT

SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

BOARD OF DIRECTORS

Dr. M. Manickam *Chairman*
Sri. M. Balasubramaniam
Vice Chairman and Managing Director
Sri. M. Srinivaasan
Sri. A. Shanmugasundaram (*up to 18.9.2017*)
Dr. A. Selvakumar
Sri. P.S. Gopalakrishnan
Smt. Priya Bhansali
Sri. K.P. Ramakrishnan

CHIEF EXECUTIVE OFFICER

Dr. S. Veluswamy

COMPANY SECRETARY

Sri. S. Venkatesh

REGISTERED OFFICE

SAKTHI FINANCE LIMITED

CIN : L65910TZ1955PLC000145
62, Dr. Nanjappa Road
Coimbatore - 641 018
Phone : (0422) 2231471 - 74, 4236200
E-mail : sakthif_info@sakthifinance.com
investors@sakthifinance.com
Website: www.sakthifinance.com

REGISTRARS AND SHARE TRANSFER AGENT

SKDC CONSULTANTS LIMITED

"Kanapathy Towers", Third Floor
1391/A-1, Sathy Road, Ganapathy
Coimbatore - 641 006
Phone : (0422) 4958995, 2539835-836
Fax : (0422) 2539837
E-mail : info@skdc-consultants.com

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
"Catalyst House"
Plot No. 5
Bhusari Colony (Right)
Paud Road, Pune - 411 038
Tel : (020) 25280081
Fax : (020) 25280275
E-mail : dt@ctltrustee.com

BANKERS

State Bank of India
The Lakshmi Vilas Bank Ltd
Central Bank of India
AU Small Finance Bank Ltd
Bank of India
Indian Overseas Bank
The Karnataka Bank Ltd
Canara Bank

CHIEF FINANCIAL OFFICER

Sri. M.K. Vijayaraghavan

STATUTORY AUDITORS

M/s. P.K. Nagarajan & Co
Chartered Accountants
No. 33, Desabandhu Street
Ramnagar, Coimbatore - 641 009
E-mail : pknagarajanandco@gmail.com

INTERNAL AUDITOR

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

SECRETARIAL AUDITORS

M/s. S. Krishnamurthy & Co
Company Secretaries
(Branch Office)
W-Block, No. 7-D, Kovaipudur
Coimbatore - 641 042

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BOARD'S REPORT

To the Members

Your Directors are pleased to present their 61st Annual Report together with the audited financial statements of the company for the year ended 31st March 2018.

1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2017-18	2016-17
Profit before tax	1,853.95	2,111.54
Less: Provision for Taxation:		
- Current Tax	839.28	599.84
- Deferred tax	(180.23)	(163.88)
- Net provision for tax (earlier years)	2.27	0.02
Profit after tax	1,192.63	1,675.56
Surplus brought forward from previous year	1,087.19	1,472.88
Transfer from General Reserve	1,000.00	-
Transfer from Revaluation Reserve	43.24	43.24
Amount available for appropriation	3,323.06	3,191.68
Appropriations		
Transfer to Statutory Reserve	238.53	335.11
Interim Dividend on Preference Shares*	110.61	105.00
Tax on Preference Dividend*	22.51	21.38
Dividend on Equity Shares Paid (FY 2017)	500.00	-
Tax on Equity Dividend (FY 2017)	101.80	-
Transfer to Debenture Redemption Reserve	1,333.00	1,643.00
Balance carried over to Balance Sheet	1,016.61	1,087.19
Total	3,323.06	3,191.68

* Interim Dividend for the financial year 2017-18 was paid during April 2018

Equity Dividend recommended for the financial year 2017-18, if approved by the members, will be recognised as a liability during the financial year 2018-19

2. BUSINESS

For the year under review, the company disbursed ₹ 54,964 lakh in hire purchase operations as against ₹ 53,791 lakh during the previous financial year. The collection efficiency continues to be good. Your directors hope to achieve better business disbursements and profitability in the coming years.

3. CHANGE IN NATURE OF BUSINESS, IF ANY

During the year, there was no change in the nature of business of the company.

4. DIVIDEND
Preference Shares

Your Directors have, at their meeting held on 28th March 2018, declared an interim dividend of ₹ 10 per share on 10% Redeemable Cumulative Preference Shares of ₹ 100 each and a *pro rata* dividend on 9% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ended 31st March 2018 amounting to ₹ 110.61 lakh. The dividend distribution tax on the above is ₹ 22.51 lakh.

Equity Shares

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share (10% on the face value of equity share of ₹ 10 each) for the year ended 31st March 2018 amounting to ₹ 500.00 lakh. The dividend distribution tax works out to ₹ 102.80 lakh.

5. TRANSFER TO RESERVES

No amount has been proposed to be transferred to general reserve.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**Listing Regulations**), a report on Management Discussion and Analysis, which forms part of this report, is set out in **Annexure 1**.

7. REDEMPTION OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES

As per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, your company has redeemed Non-Convertible Debentures issued under Option III, IV and V aggregating to ₹ **1,535.32 lakh**. The repayment was made on 31st March 2018 to the respective Debenture holders.

Further, as per the terms and conditions of the Public Issue Prospectus dated 30th March 2016, your company has redeemed Non-Convertible Debentures issued under Option I and II aggregating to ₹ **3,432.09 lakh**. The repayment was made on 18th May 2018 to the respective Debenture holders.

8. ALLOTMENT OF REDEEMABLE CUMULATIVE PREFERENCE SHARES ON PRIVATE PLACEMENT BASIS

During the year, your company has issued and allotted 9% Redeemable Cumulative Preference Shares of ₹ 100 each for an amount of ₹ **835 lakhs**.

9. DEPOSITS

The total deposits with the company as at 31st March 2018 stood at ₹ **16,296.73 lakh** as against ₹ 14,959.06 lakh as at the end of the previous year.

As at the end of the financial year 2018, 403 public deposits aggregating to ₹ **274.30 lakh** were due for repayment, but remained unclaimed. The Company has been regularly reminding the depositors about the maturity and out of the said deposits, **169** deposits amounting to ₹ **153.94 lakh** have since been claimed and repaid / renewed as per their instructions.

10. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year 2017-18, your Company has transferred unclaimed matured debentures and deposits amounting to ₹ **2.91 lakhs** to Investor Education and Protection Fund.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Cessation

Your Directors regret to inform that Sri A Shanmugasundaram, Independent Director, passed away on 19th September 2017. The Board places on record it's deep appreciation for the valuable guidance provided by him during his long association with the Company.

b. Retiring by rotation

In accordance with the provisions of Section 152(6) of the Companies Act 2013, Dr. M Manickam, Chairman (DIN: 00102233) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

c. Continuation of Directorship

In terms of Regulation 17(1A) of the Listing Regulations as amended on 9th May 2018, Sri P S Gopalakrishnan, Non-Executive Independent Director, who is aged more than 75 years, will be continuing as an Independent Director till the end of his present tenure, i.e., up to 26th September 2019, which has been recommended by Nomination and Remuneration Committee and Board of Directors to members.

d. Key Managerial Personnel

In terms of Section 203 of the Companies Act 2013, Sri M Balasubramaniam, Vice Chairman and Managing Director, Dr S Veluswamy, Chief Executive Officer, Sri M K Vijayaraghavan, Chief

Financial Officer and Sri S Venkatesh, Company Secretary are the Key Managerial Personnel (KMPs) of the Company.

e. Remuneration Policy

Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the Corporate Governance Report which forms part of the Board's Report. The policy on remuneration is set out in **Annexure 2**. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return as required under Section 92(3) of the Act and is enclosed as **Annexure 3** in the prescribed form MGT-9 which forms part of this Report.

f. Number of Meetings of the Board

Five (5) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to the Corporate Governance Report, which forms part of this Report.

g. Independent Directors' Declaration

Sri P S Gopalakrishnan, Dr A Selvakumar, Smt. Priya Bhansali and Sri K P Ramakrishnan who are Independent Directors, have submitted declarations that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the Listing Regulations. Further, there has been no change in the circumstances which affect their status as independent directors during the year.

h. Code of Conduct for Directors and Senior Management

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

i. Inter se relationship amongst Directors

Except Dr M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director who are related to each other, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act 2013 read with Listing Regulations.

j. Board Evaluation

In terms of the requirements of Companies Act 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, individual Directors as well as the evaluation of its Committees.

The evaluation was carried out based on a structured questionnaire which includes performance criteria such as performance of duties and obligations, independence of judgement, level of engagement and participation, contribution in increasing the Board's over-all effectiveness etc. Your directors have expressed their satisfaction on functioning and performance of Individual Directors, Board and its Committees.

12. AUDIT COMMITTEE

The present Audit Committee has three non-executive directors as members of which two are Independent Directors.

The composition of the Committee is given below:

- a. Dr A Selvakumar, Chairman
- b. Sri M Srinivaasan, Member
- c. Sri K P Ramakrishnan, Member

13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2017-18, there has been no loans, guarantees or investments which would attract the provisions of Section 186 of the Act.

14. TRANSACTIONS WITH RELATED PARTIES

The Company has entered into contracts or arrangements with the related parties in the ordinary course of business and these are on arm's length basis only. There are no contract or arrangement entered into with Related Party(ies) during the year to be disclosed under Sections 188(1) and 134(h) of the Companies Act 2013.

15. INTERNAL CONTROL

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

16. RISK MANAGEMENT

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

17. VIGIL MECHANISM

The Company has established a vigil mechanism of Directors and employees to report their genuine concerns. During the year, no complaint has been received in this regard. For details, please refer to Corporate Governance Report which forms part of this Report.

18. CORPORATE GOVERNANCE REPORT

As required under Regulation 34(3) and Schedule V to the Listing Regulations, a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance form part of the Annual Report.

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

The Company has put in place a Sexual Harassment Prevention Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2017-18, there were no complaints received in this regard by the ICC.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has put in place necessary internal financial controls which are adequate and are operating effectively. The controls are adequate for ensuring the orderly and efficient conduct of the business, completeness of accounting records and timely preparation of reliable financial information, besides adherence to the Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy, etc.

21. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Policy of the Company and the details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules 2014 have been disclosed in **Annexure - 4**. Further, details regarding composition of Corporate Social Responsibility Committee and other particulars are provided in the Corporate Governance Report which forms part of this report.

Your Company has so far spent ₹ 10.21 lakhs as against ₹ 44.68 lakhs required to be spent during the previous financial year 2016-17. The unspent balance amount of ₹ **34.47 lakh** for previous year 2016-17 was also spent during the financial year 2017-18.

23. AUDITORS

a. Statutory Auditors

M/s P K Nagarajan & Co., Chartered Accountants (ICAI Regn. No. : 016676S) were appointed as statutory auditors of the Company at the 60th Annual General Meeting to hold office up to the conclusion of the 65th Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act 2013 and the rules framed under the Act for continuation of their term.

M/s. P K Nagarjan & Co, Chartered Accountants, have audited the accounts of the company for year 2017-18 and submitted their report thereon. There has been no qualification, reservation, adverse remarks or disclaimer given by the Auditors in their report.

b. Secretarial Auditors

The Board appointed M/s. S Krishnamurthy & Co, Practicing Company Secretaries, Chennai as Secretarial Auditors for the year 2017-18 and they have given their Secretarial Audit Report for the financial year 2017-18. The Secretarial Audit Report for the financial year 31st March 2018 is set out in **Annexure - 5**.

M/s. S Krishnamurthy & Co, Secretarial Auditors, have submitted their report for the financial year 2017-18 and there has been no qualification, reservation, adverse remarks or disclaimer given by the Auditors in their report.

24. PARTICULARS REQUIRED UNDER SECTION 134 OF THE COMPANIES ACT 2013

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

- a. The Company has no activity involving conservation of energy or technology absorption;
- b. The Company does not have any Foreign Exchange Earnings; and
- c. Foreign Exchange Outgo : ₹ **95.48 lakh**

The disclosures in terms of Section 197(12) of the Companies Act 2013 read with rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 relating to remuneration is enclosed as **Annexure 6**.

25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

There are no significant and material orders passed by the regulators or courts or tribunals affecting the going concern status of your company and its operations in future.

26. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which occurred between the end of the financial year of the company and the date of this report affecting the Company's financial position.

27. EXTRACT OF ANNUAL RETURN

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

28. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

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

29. SECRETARIAL STANDARDS COMPLIANCE

Your Directors confirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in relation to Board and General Meetings.

30. ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

9th August 2018
Coimbatore

M Manickam
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

Indian Economy, exceeding all expectations, registered a growth rate of 7.7 per cent for January - March 2018 quarter. The two segments that supported growth, particularly in March 2018 quarter, are government consumption demand and overall investment demand. Further, the robust growth was driven by three sectors, namely manufacturing, construction and public administration and defence. The Current Account Deficit as a percentage of Gross Domestic Product (GDP) remained elevated at -1.9 per cent in March 2018 quarter. The government aims to keep the fiscal deficit at 3.3 per cent of GDP for the current fiscal.

The Core sector growth was at 3.6 per cent in May 2018 compared to 4.6 per cent in April 2018 and 3.9 per cent in May 2017. The Retail Inflation rose to five months high of 5 per cent in June 2018. The rise in inflation is mainly due to fuel and miscellaneous items, clothing and footwear.

OPPORTUNITIES

For the year 2017-18, the Commercial Vehicle (CV) industry ended on a positive note. The Commercial Vehicle Segment grew by 19.94 per cent as against the same period last year. Medium and Heavy Commercial Vehicles (M&HCVs) grew by 12.48 per cent and Light Commercial Vehicles (LCVs) grew by 25.42 per cent in April - March 2018 over the same period last year. Further for April - June 2018 quarter, the CV segment registered a growth of 51.55 per cent as compared to the same period last year. M&HCV increased by 83.59 per cent, while LCVs grew by 36.51 per cent.

The commercial vehicle industry continues to be positive with growth in all segments. The Society of Indian Automobile Manufacturers (SIAM) expects the commercial vehicle sales to continue to grow at 10 to 12 per cent in 2018-19. With increased vehicle growth and the government's continuing emphasis on infrastructure and recovery in the mining sector, the growth in M&HCVs and LCVs look good. Your company has been concentrating on pre-owned Commercial Vehicles of the above segments only. With the growth in agriculture and rural demand, higher government spending, the CV industry is set to look for better prospects. This will eventually increase the growth prospects of NBFCs, like ours, which are funding this sector.

THREATS

With the likely hardening of interest rates, government's move to phase out 20 year old vehicles, increased maintenance cost continue to be a threat to CV industry to which our company has a direct linkage.

BALANCE OF PAYMENTS POSITION

The Current Account Deficit (CAD) as a percentage of GDP was -1.9 per cent in the fourth quarter of year 2018. Due to combined effect of high net merchandise trade deficit and lower invisible receipts, merchandise trade deficit is bound to be higher on account of rising oil prices. The retail inflation rise to five month's high of 5 per cent in June 2018, while Wholesale Price Index (WPI) soared to 54 month high of 5.77 per cent in June 2018 on increased prices of vegetables and fuel items.

BUSINESS OUTLOOK

The International Monetary Fund (IMF) has projected a growth rate of 7.3 per cent in 2018 and 7.5 per cent in 2019 for India against 6.7 per cent in 2017, making it the fastest growing country among major economies. The thrust on rural and infrastructure sectors in the Union Budget would encourage rural demand and private investment. With the prediction of normal monsoon for the year 2018 and its positive impact on agricultural output, growing rural and urban demand for vehicles will propel additional demand for vehicles and growing business opportunities for CV industry and this will increase the business prospects of our Company.

PERFORMANCE AND FINANCIAL REVIEW

During the financial year 2017-18, the company disbursed ₹ 54,964 lakh in Hire Purchase financing operations as against ₹ 53,791 lakh in the corresponding previous financial year. The total deposits held by the company, as on 31st March 2018, stood at ₹ 16,297 lakh.

The gross income for the financial year 2017-18 stood at ₹ 16,856 lakh and the net profit after tax for the year was at ₹ 1,193 lakh. The company accounted towards depreciation and amortisation an amount of ₹ 332 lakh in the statement of profit and loss.

RISKS AND CONCERNS

Our Company, like any other NBFC, is also exposed to normal industry risks such as credit, market, interest and operational risks. These risks are effectively mitigated by taking pro-active, prudent business and risk management policies. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee so that they are in line with our Company's strategic needs.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Sound and adequate system of internal controls to monitor and regulate all the activities have been put in place by the Company. Further, compliance with internal control policies and procedures and other regulatory requirements are strictly adhered to by the Company.

HUMAN RESOURCES DEVELOPMENT

During 2017-18, the Company maintained a very harmonious and cordial relationship with its employees. As on 31st March 2018, there were 472 employees on the rolls of the company. The aim of human resources policy of the company is to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among its employees. The Company takes necessary steps to strengthen the organizational competency through various training programmes for various levels on a regular basis.

For and on behalf of the Board

9th August 2018
Coimbatore

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.

POLICY ON REMUNERATION

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

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

A. Criteria for selection/appointment of and Remuneration to Non-Executive Directors**i. Criteria of selection**

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

ii. Remuneration to Non-Executive Directors

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

The Independent Directors of the Company are not entitled for Stock Option Scheme of the Company, if any.

B. Criteria for selection/appointment of and Remuneration to Executive Directors**i. Criteria for selection/appointment**

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

ii. Remuneration

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

The remuneration of Managing Director of the Company consists of fixed remuneration and variable portion by way of commission not exceeding 5% of the net profits calculated in accordance with the Companies Act 2013.

C. Criteria for selection/appointment of and Remuneration to Senior Management Personnel

Based on the criticality of the role and responsibility of the Key Managerial Personnel (KMPs), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry benchmark and the current compensation trend in the market. The remuneration consists of fixed components like salaries, perquisites and a variable component comprising annual bonus, if declared. Based on the selection criteria laid as above and remuneration, the Committee identifies persons and recommends to the Board for consideration and appointment.

In respect of other Senior Management Employees and other employees below KMPs, the Managing Director is authorised by the Nomination and Remuneration Committee to fix the remuneration based on the criticality and responsibility of the employees.

Annual increments are given on time scale basis and further increase to deserving employees based on the performance review.

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

as on the financial year ended 31st March 2018

(Pursuant to Section 92(3) of the Companies Act 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014)

I REGISTRATION AND OTHER DETAILS

i	CIN	L65910TZ1955PLC000145
ii	Registration Date	30th March 1955
iii	Name of the Company	Sakthi Finance Limited
iv	Category/Sub-category of the Company	Non-banking Financial Company
v	Address of the Registered Office and contact details:	
	Registered Office	62, Dr Nanjappa Road Post Box No.3745, Coimbatore - 641 018 Tel: (0422) 2231471-74, 4236200 E-Mail: sakthif_info@sakthifinance.com
	Head Office (Contact Details)	As above
vi	Whether listed company	Yes
vii	Name, Address and contact details of the Registrar and Share Transfer Agent, if any	SKDC Consultants Limited "Kanapathy Towers" Third Floor, No.1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Tel : (0422) 4958995, 2539835-836 Fax : (0422) 2539837 E-mail : info@skdc-consultants.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl No	Name and Description of main products/services	NIC Code of the Product / Service	% to total turnover of the company
1	Finance for Commercial Vehicles and other loans	64920 - Other Credit Granting	98.47

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has no holding, subsidiary and associate company.

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IV SHAREHOLDING PATTERN (Equity Share capital break up as % to total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (includes Promoters Group) (Promoter Group is as per the classification shown under Regulation 31 of SEBI (LODR) Regulations 2015 and SEBI (SAST) Regulations 2011)									
1) Indian									
a) Individual/HUF	855691	0	855691	1.71	855691	0	855691	1.71	0.00
b) Central Govt.or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	31251434	0	31251434	62.50	31251434	0	31251434	62.50	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL : (A)(1)	32107125	0	32107125	64.21	32107125	0	32107125	64.21	0.00
2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL : (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	32,107,125	0	32,107,125	64.21	32,107,125	0	32,107,125	64.21	0.00
B. PUBLIC SHAREHOLDING									
1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	2200	2200	0.00	0	2200	2200	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt. (Instn.)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL : (B)(1)	0	2200	2200	0.00	0	2200	2200	0.00	0.00
2) Non Institutions									
a) Bodies corporates:									
i) Indian	7022967	946877	7969844	15.94	6990936	946877	7937813	15.88	-0.06
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2199586	1507641	3707227	7.42	2412811	1466188	3878999	7.76	0.34
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1251562	243150	1494712	2.99	1109480	243150	1352630	2.71	-0.28
c) Others (specify)									
Directors and their relatives	8175	0	8175	0.02	300	0	300	0.00	-0.02
Non-resident Indians	64083	1600	65683	0.13	41713	1800	43513	0.09	-0.04

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	0	4450000	4450000	8.90	0	4450000	4450000	8.90	0.00
Clearing Members	46004	0	46004	0.09	86980	0	86980	0.17	0.08
HUF	149030	0	149030	0.30	140440	0	140440	0.28	-0.02
SUB TOTAL (B)(2)	10741407	7149268	17890675	35.79	10782660	7108015	17890675	35.79	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)	10741407	7151468	17892875	35.79	10782660	7110215	17892875	35.79	0.00
C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	42848532	7151468	50000000	100.00	42889785	7110215	50000000	100.00	0.00

(ii) Share Holding of Promoters and Promoter Group

SI No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% to total shares of the company	% of shares pledged/encumbered to total shares	
1	Dr.N Mahalingam (Deceased)	276023	0.55	0.00	276023	0.55	0.00	0.00
2	Dr M Manickam	92813	0.19	0.00	92813	0.19	0.00	0.00
3	Sri M Balasubramaniam	192000	0.38	0.00	192000	0.38	0.00	0.00
4	Sri M Srinivaasan	251355	0.50	0.00	251355	0.50	0.00	0.00
5	Smt.M.Mariamammal (Deceased)	36000	0.07	0.00	36000	0.07	0.00	0.00
6	Smt. Karunambal Vanavarayar	7500	0.02	0.00	7500	0.02	0.00	0.00
7	ABT Investment (India) Private Limited	8727400	17.45	0.00	8727400	17.45	0.00	0.00
8	ABT Finance Limited	131162	0.26	0.00	131162	0.26	0.00	0.00
9	ABT Industries Limited	919926	1.84	0.00	919926	1.84	0.00	0.00
10	Sakthifinance Financial Services Limited	8110000	16.22	0.00	8110000	16.22	0.00	0.00
11	Sakthi Financial Services (Cochin) Private Limited	3411246	6.82	0.00	3411246	6.82	0.00	0.00
12	Sakthi Logistic Services Limited*	5700	0.01	0.00	5700	0.01	0.00	0.00
13	Sakthi Sugars Limited	1040000	2.08	0.00	1040000	2.08	0.00	0.00
14	Sri Chamundeswari Sugars Ltd	24000	0.05	0.00	24000	0.05	0.00	0.00
15	Sri Sakthi Textiles Limited	7000	0.01	0.00	7000	0.01	0.00	0.00
16	The Gounder and Company Auto Limited	3925000	7.85	0.00	3925000	7.85	0.00	0.00
17	Sakthi Realty Holdings Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
18	ABT Foundation Limited	2475000	4.95	0.00	2475000	4.95	0.00	0.00
	Total	32107125	64.21	0.00	32107125	64.21	0.00	0.00

* name of this Company has since been changed to "Sakthifinance Holdings Limited"

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

SI No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	32107125	64.21	32107125	64.21
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No change during the year 2017-18			
	At the end of the year	32107125	64.21	32107125	64.21

*includes promoter group

(iv) Shareholding Pattern of top ten Shareholders

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

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Avdhoot Finance and Investment Private Limited				
	At the beginning of the year	5624208	11.25	5624208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5624208	11.25	5624208	11.25
2	Bridgewater Investment Corporation Limited				
	At the beginning of the year	4450000	8.90	4450000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	4450000	8.90	4450000	8.90
3	Sakthi Management Services (Coimbatore) Limited				
	At the beginning of the year	1135434	2.27	1135434	2.27
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1135434	2.27	1135434	2.27
4	Grahasakthi Properties Private Ltd				
	At the beginning of the year	927237	1.85	927237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	927237	1.85	927237	1.85
5	Deepender Singh Poonian				
	At the beginning of the year	244207	0.49	244207	0.49
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	244207	0.49	244207	0.49
6	Tanvi Jignesh Mehta				
	At the beginning of the year	218044	0.44	218044	0.44
	Datewise increase / (decrease) in shareholding during the year:				
	Purchase of Shares on 21/04/2017	110	0.00	218154	0.44
	Purchase of Shares on 28/04/2017	5550	0.01	223704	0.45

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Purchase of Shares on 5/5/2017	2673	0.01	226377	0.46
	Purchase of Shares on 12/5/2017	1700	0.00	228077	0.46
	Purchase of Shares on 19/05/2017	230	0.00	228307	0.46
	Purchase of Shares on 18/08/2017	372	0.00	228679	0.46
	Purchase of Shares on 15/09/2017	100	0.00	228779	0.46
	Purchase of Shares on 22/09/2017	17085	0.03	245864	0.49
	Purchase of Shares on 12/01/2018	101	0.00	245965	0.49
	Sale of Shares on 26/05/2017	(3138)	(0.01)	242827	0.48
	Sale of Shares on 9/6/2017	(1672)	(0.00)	241155	0.48
	Sale of Shares on 16/06/2017	(157)	(0.00)	240998	0.48
	Sale of Shares on 23/06/2017	(2051)	(0.00)	238947	0.48
	Sale of Shares on 30/06/2017	(1138)	(0.00)	237809	0.48
	Sale of Shares on 7/7/2017	(4357)	(0.01)	233452	0.47
	Sale of Shares on 14/07/2017	(2000)	(0.00)	231452	0.46
	Sale of Shares on 21/07/2017	(1200)	(0.00)	230252	0.46
	Sale of Shares on 28/07/2017	(1000)	(0.00)	229252	0.46
	Sale of Shares on 4/8/2017	(11456)	(0.02)	217796	0.44
	Sale of Shares on 1/9/2017	(3000)	(0.01)	214796	0.43
	Sale of Shares on 8/9/2017	(3000)	(0.01)	211796	0.42
	Sale of Shares on 6/10/2017	(1730)	(0.00)	210066	0.42
	Sale of Shares on 13/10/2017	(9965)	(0.02)	200101	0.40
	Sale of Shares on 27/10/2017	(7582)	(0.02)	192519	0.39
	Sale of Shares on 31/10/2017	(8500)	(0.02)	184019	0.37
	Sale of Shares on 3/11/2017	(5000)	(0.01)	179019	0.36
	Sale of Shares on 10/11/2017	(10088)	(0.02)	168931	0.34
	Sale of Shares on 17/11/2017	(3182)	(0.01)	165749	0.33
	Sale of Shares on 24/11/2017	(5000)	(0.01)	160749	0.32
	Sale of Shares on 1/12/2017	(4676)	(0.01)	156073	0.31
	Sale of Shares on 8/12/2017	(5299)	(0.01)	150774	0.30
	Sale of Shares on 15/12/2017	(11676)	(0.02)	139098	0.28
	Sale of Shares on 22/12/2017	(1858)	(0.00)	137240	0.27
	Sale of Shares on 29/12/2017	(5000)	(0.01)	132240	0.26
	Sale of Shares on 16/02/2018	(15062)	(0.03)	117178	0.23
	Sale of Shares on 23/02/2018	(5612)	(0.01)	111566	0.22
	Sale of Shares on 2/3/2018	(7700)	(0.02)	103866	0.20
	Sale of Shares on 9/3/2018	(16758)	(0.03)	87108	0.17
	Sale of Shares on 16/3/2018	(7657)	(0.02)	79451	0.15
	At the end of the year	79451	0.15	79451	0.15
7	Balasubramaniam M				
	At the beginning of the year	167150	0.33	167150	0.33
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	167150	0.33	167150	0.33
8	Kushagra Gupta				
	At the beginning of the year	140285	0.28	140285	0.28
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	140285	0.28	140285	0.28
9	Bannari Amman Sugars Limited				
	At the beginning of the year	84375	0.17	84375	0.17
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	84375	0.17	84375	0.17
10	Kalpathy Viswanath Narayanmurti				
	At the beginning of the year	69066	0.14	69066	0.14
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	69066	0.14	69066	0.14

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(v) Shareholding of Directors and Key Managerial Personnel

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M Manickam, Chairman				
	At the beginning of the year	92813	0.19	92813	0.19
2	M Balasubramaniam Vice Chairman and Managing Director				
	At the beginning of the year	192000	0.38	192000	0.38
3	M Srinivaasan, Director				
	At the beginning of the year	251355	0.50	251355	0.50
4	A Selvakumar, Director				
	At the beginning of the year	300	0.00	300	0.00
5	M K Vijayaraghavan, Chief Financial Officer				
	At the beginning of the year	400	0.00	400	0.00
6	S Venkatesh, Company Secretary				
	At the beginning of the year	1075	0.00	1075	0.00

V INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	48,452.87	19,078.27	14,959.06	82,490.20
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,640.00	2,982.55	1,122.51	5,745.06
Total (i+ii+iii)	50,092.87	22,060.82	16,081.57	88,235.26
Change in indebtedness during the financial year				
Additions	9,232.34	1,232.10	8,931.67	19,396.11
Reduction	11,086.11	0.92	7,580.82	18,667.85
Net Change	(1,853.77)	1,231.18	1,350.85	728.26
Indebtedness at the end of the financial year				
i) Principal Amount	45,584.66	19,078.27	16,296.73	80,959.66
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,654.44	4,213.73	1,135.69	8,003.86
Total (i+ii+iii)	48,239.10	23,292.00	17,432.42	88,963.52

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole Time Director and/or Manager (₹ lakh)

Sl No	Particulars of Remuneration	Sri M Balasubramaniam, Vice Chairman and Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	49.64
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	0.30
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission:	
	- as % of profit	66.94
	- others (specify)	-
5	Others, please specify	-
	Total	116.88
	Ceiling as per the Act	121.05

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B. Remuneration to other directors

(₹ Lakh)

SI No	Particulars of Remuneration	Name of Director					Total
		A Shanmuga sundaram*	P S Gopala krishnan	Dr A Selva kumar	Priya Bhansali	K P Rama krishnan	
1	Independent Directors						
	(a) Fee for attending board / committee meetings	0.80	1.60	3.00	1.60	1.80	8.80
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	0.80	1.60	3.00	1.60	1.80	8.80
2	Other Non-Executive Directors	Dr M Manickam	M Srinivaasan				
	(a) Fee for attending board / committee meetings	1.40	0.80				2.20
	(b) Commission	-	-				-
	(c) Others, please specify	-	-				-
	Total (2)	1.40	0.80				2.80
Total (1+2)	2.20	2.40	3.00	1.60	1.80	11.00	
	Total Managerial Remuneration						11.00
	Overall ceiling as per the Act						NA

* up to 18th September 2018

C. Remuneration to Key Managerial Personnel Other than Managing Director /Manager/ Whole Time Director (₹ lakh)

SI No	Particulars of Remuneration	Key Managerial Personnel			
		Sri M K Vijayaraghavan, Chief Financial Officer	Dr S Veluswamy, Chief Executive Officer	Sri S Venkatesh, Company Secretary	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961	33.90	25.80	16.06	75.76
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission:				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	33.90	25.80	16.06	75.76

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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Annexure - 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1. A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and project and Programs

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

2. The composition of CSR Committee is given below:

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

3. Average net profits of the Company for the last three financial years: ₹ 2260.62 lakh

4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : ₹ 45.21 lakh

5. Details of CSR spent during the financial year 2017-18 (₹ lakh)

Particulars	Amount
Total amount spent for the financial year	45.21
Amount unspent, if any	-

The unspent amount of previous year amounting to ₹ 34.47 lakh was also spent during this year.

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

Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: (1) Local area or other (2) Specify the State and district where Projects or programs were undertaken	Amount outlay (budget) project or program wise (₹ lakh)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads (₹ lakh)	Cumulative Expenditure up to the reporting period (₹ lakh)	Amount spent: Direct or through implementing agency
1	Appropriate sponsorship to community /social / charitable institutions of repute engaged in activities in line with our CSR Policy	Promoting education, enhancing vocational skills	Local areas and others	-	42.51	42.51	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others	-	2.70	45.21	Direct
Total CSR spent					45.21		

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

Not Applicable

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

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

9th August 2018
Coimbatore

M. Balasubramaniam
Vice Chairman and
Managing Director
(Member)

P.S. Gopalakrishnan
Chairman (CSR Committee)

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2018

[Pursuant to Section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To

The Members

Sakthi Finance Limited (CIN:L65910TZ1955PLC000145)
62, Dr. Nanjappa Road, Coimbatore - 641018

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SAKTHI FINANCE LIMITED (hereinafter called "the Company") during the financial year from 1st April 2017 to 31st March 2018 ("the year"/ "audit period"/ "period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- i. Our verification of the physical / electronic books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2018 but before the issue of this audit report;
- ii. Our observations during our visits to the Registered Office of the Company;
- iii. Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee/ Board of Directors; and
- iv. Representations made, physical/electronic documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.
- v. We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2018 the Company has:
 - i. Complied with the statutory provisions listed hereunder; and
 - ii. Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as **Annexure - A**.

1. Compliance with specific statutory provisions

We further report that:

- 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year, according to the applicable provisions/ clauses of:
 - i. The Companies Act 2013 and the rules made thereunder (the Act).
 - ii. The Securities Contracts (Regulation) Act 1956 and the rules made thereunder.
 - iii. The Depositories Act 1996 and the regulations and bye-laws framed thereunder.
 - iv. The following Regulations prescribed under the Securities and Exchange Board of India Act 1992 ("SEBI Regulations"):
 - a. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
 - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
 - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;

- d. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act 2013 and dealing with client;
 - e. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015; and
 - f. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR)
- v. The following law is specifically applicable to the Company (Specific laws):
- Chapter III B of the Reserve Bank of India Act 1934 and the directions/guidelines/circulars/notifications issued thereunder by the Reserve Bank of India (RBI) to the extent applicable to a deposit taking non-banking finance company;
 - vi. The listing agreement entered into by the Company with BSE Limited (BSE) (Agreement);
 - vii. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FEMA);
 - viii. Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).
- 1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2018 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:
- i. Complied with the applicable provisions/ clauses of the Acts, Rules, SEBI Regulations and Specific laws mentioned under sub-paragraphs (i), (ii), (iii), (iv)(a) to (iv)(f), (v) to (vii) of paragraph 1.1 above; and
 - ii. Generally complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1.(viii) above to the extent applicable to Board meetings and General meetings.
- 1.3 We are informed that, during/ in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
- i. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings (FEMA);
 - ii. Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998;
 - iii. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009; and
 - iv. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014.

2. Board processes

We further report that:

- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.
- 2.2 As on 31st March 2018, the Board has:
- i. One Executive Director
 - ii. Two Non-Executive Non Independent Directors
 - iii. Four Non-Executive Independent Directors including a Woman Independent Director.
- 2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- i. Cessation of one Non-Executive Independent Director due to death; and
 - ii. Re-appointment of the retiring director at the 60th Annual General Meeting held on 25th September 2017.

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- 2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.5 Notice of Board meetings were sent to the directors at least seven days in advance.
- 2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.
- 2.7 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
 - i. Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers; and
 - ii. Additional subjects/ information/ presentations and supplementary notes.
- 2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.9 We are informed that, at the Board meetings held during the year:
 - i. Majority decisions were carried through; and
 - ii. No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

We further report that:

- 3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events/actions

- 4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:
 - i. Members have accorded their approval at the 60th Annual General Meeting held on 25th September 2017 by way of Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured, listed or unlisted, Non-Convertible Debentures (NCD's), subordinated bonds and /or other debt securities for an amount not exceeding ₹ 750 Crores, on private placement basis, during the period of one year commencing from the 60th Annual General Meeting;
 - ii. Secured Redeemable Non-Convertible Debentures (Option III, IV and V) allotted under Public Issue Prospectus on 18th February 2015 amounting to ₹ 1,535.32 Lakhs due for redemption on 1st April 2018 were redeemed on 31st March 2018;
 - iii. Secured Redeemable Non-Convertible Debentures (Option I and II) allotted under Public Issue Prospectus on 30th March 2016 amounting to ₹ 3,432.09 Lakhs due for redemption on 18th May 2018 were redeemed on 18th May 2018;
 - iv. The Company has allotted 8,35,000 9% Redeemable Cumulative Preference Shares of ₹ 100 each on 1st March 2018; and
 - v. The Company has redeemed 4,29,550 10% preference shares aggregating to ₹ 4,29,55,000 on 27th March 2018 and 3,18,000 10% preference shares aggregating to ₹ 3,18,00,000 on 30th March 2018.

For S Krishnamurthy & Co.,
Company Secretaries

R. Sivasubramanian
Partner

Membership No: A22289
Certificate of Practice No: 12052

9th August 2018
Coimbatore

Annexure - A to Secretarial Audit Report of even date

To

The Members

Sakthi Finance Limited (CIN: L65910TZ1955PLC000145)

62, Dr. Nanjappa Road, Coimbatore - 641018

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2018 is to be read along with this letter

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2018 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co.,
Company Secretaries

R. Sivasubramanian
Partner

Membership No: A22289

Certificate of Practice No: 12052

9th August 2018
Coimbatore

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Annexure - 6

a. PARTICULARS OF REMUNERATION

Details pertaining to remuneration as required under Section 197(12) of the Companies Act 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

Sl No	Name and Designation of the Director / Key Managerial Personnel (KMP)	Remuneration for FY 2017-18 (₹ lakh)	% increase in remuneration in FY 2017-18	Ratio to median remuneration
1	Mr M Balasubramaniam, Vice Chairman and Managing Director	116.88	20.59	38.96
2	Mr M K Vijayaraghavan, Chief Financial Officer	33.90	27.77	NA
3	Dr S Veluswamy, Chief Executive Officer	25.80	43.65	NA
4	Mr S Venkatesh, Company Secretary	16.06	49.53	NA

Other Information

i	the percentage increase in the median remuneration of employees in the financial year	3.19%
ii	the number of permanent employees on the rolls of the company	472
iii	average percentile increase already made in the salaries of employee other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase in salaries of employees other than managerial personnel for 2017-18 was 7.35%. Percentage increase in the managerial remuneration for the year was 3.9%.
iv	affirmation that the remuneration is as per the remuneration policy of the company.	The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate high performance. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined through the annual appraisal process. The Company affirms that remuneration is as per the remuneration policy of the Company / the Act.

b. Statement of particulars of employees pursuant to the provisions of Section 197(12) of the Companies Act 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014
Top 10 Employees in terms of remuneration drawn during the year

Sl No	Name of the Employee	Designation	Remuneration received (₹ lakh)	Qualifications	Total Experience (Years)	Date of commencement of employment	Age (in years)	Last employment held before joining the company
1	Mr M Balasubramaniam	Vice Chairman & Managing Director	116.88	M.Com, MBA (USA)	33	21/08/1985	60	Director, ABT Industries Ltd
2	Dr S Veluswamy	Chief Executive Officer	25.80	M.Com,ACS, Ph.D	37	01/04/1994	59	Asst Company Secretary, Sakthi Sugars Ltd
3	Mr M K Vijayaraghavan	Chief Financial Officer	33.90	B.Com,FCA	43	10/07/2009	68	Vice President (Finance), Karur KCP Packagings Ltd
4	Dr K Natesan	President	19.62	MA, LLB, MBA, Ph.D, Diploma in Tourism & Development	37	03/04/1992	59	Asst Manager (Personnel), Tamilnadu Telecommunications Limited
5	Mr K Guruprasad	Sr. Vice President	21.27	B.Com, MBA CAIIB, Grad ICMA (Inter)	45	03/05/1996	68	Credit-in-Charge, Regional Office, State Bank of India
6	Dr G Sundar	Vice President	21.62	MA, MBA, Ph.D	38	20/01/1997	62	Manager, Union Bank of India
7	Mr N Radhakrishnan	Vice President (Operations)	19.41	B.Sc, MBA	25	01/09/2004	49	Senior Manager, ABT Industries Ltd
8	Mr M Purushothaman	Associate Vice President	17.96	B.Sc., MBA	35	02/06/2010	59	General Manager - Business Excellence, Calcom Cement India Limited, Kolkata
9	Dr N Raveendran	Sr. General Manager	19.46	B.Com, MBA, Ph.D.	37	11/06/2009	58	Senior Manager, IT Services, Pricol Ltd, Coimbatore
10	Mr S Saravanakumar	General Manager (Business Development)	18.33	BBM, MCA	15	05/01/2015	41	Zonal Manager HDB Financial Services Ltd

Notes:

- the above table is based on payouts made during the year.
- Remuneration includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund, Gratuity Fund and taxable value of perquisites calculated in accordance with the Income Tax Act / Rules.
- None of the employees mentioned above is related to any director of the Company.
- During the Financial year 2017-18, no employee was in receipt of remuneration in excess of the Managing Director of the Company and held himself or along with his spouse and dependent children two percent or more of the equity shares of the company.
- The appointment of Managing Director is contractual in nature.

CORPORATE GOVERNANCE REPORT

(Pursuant to Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015) **(Listing Regulations)**

1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of principles, processes and systems to be followed by Directors, Management and all the employees of the Company for enhancement of shareholders value, keeping in view the interest of other stakeholders. Integrity, transparency and compliance with regulations in dealing with members, employees, customers, lenders, regulatory and government agencies are the objective of good corporate governance. The Company adopts and practices these principles of good Corporate Governance while ensuring integrity, transparency and accountability at all levels in the organisation.

2. Board of Directors

a. Composition and Category of Directors

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 (including a women director), who bring in a wide range of skills and experience to the Board. The number of Independent Directors is more than 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in Companies Act 2013 and Regulation 17 of the Listing Regulations.

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. All Independent Directors also comply with the limit of Independent Directorship as prescribed in Regulation 25 of the Listing Regulations.

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 Eleven (11) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, Risk Management Committee, Finance and Investment Committee, Allotment Committee, NCD Issuance Committee, Policy Review Committee and Information Technology (IT) Strategy Committee.

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

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

During the year, the Independent Directors had a separate meeting on 28th March 2018 without the participation of Non-Independent Directors and Promoter Directors.

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

b. Number of Board Meetings held during the year

During the financial year 2017-18, five Board Meetings were held on 24th May 2017, 10th August 2017, 14th November 2017, 9th February 2018 and 28th March 2018. The gap between two meetings is within one hundred and twenty days only. The information as required under Regulation 17(2) of the Listing Regulations is made available to the Board for discussion and consideration at Board Meetings. The Board also reviews compliance reports of all laws applicable to the company on quarterly basis.

c. Familiarisation programme for Independent Directors

The familiarisation process followed by the Company includes briefing about the Board's composition and conduct, roles, rights, responsibilities of Directors, nature of the industry, regulatory matters, details about the Company, Group and its culture. The familiarisation process is disclosed at the Company's weblink <https://sakthifinance.com/familiarisation.php>.

d. Performance Evaluation

In terms of the requirements of the Companies Act 2013, the Board carried out an annual evaluation of its own performance and performance of individual directors, including the Chairman and of the Committees formed by the Board. The evaluation process is covered in the Board's Report. Similarly, Independent Directors reviewed the performance of the Chairman and of the Non-Independent Directors.

e. Code of Conduct

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

All Board Members and Senior Management Personnel of the company have affirmed compliance with the Code. A certificate to this effect, signed by Vice Chairman and Managing Director is annexed. The Code has been hosted on the website of the company <https://www.sakthifinance.com/reports/sflcodeofconduct.php>.

f. Attendance and other Directorships

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

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2017-18 Attendance at		No. of other directorships (a) (excluding Sakthi Finance Ltd)	Committee position (b)	
			Board Meeting	Last AGM		Chairman	Member
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	5	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	5	Yes	9	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	2	Yes	7	-	1
Sri A Shanmugasundaram* DIN : 00001434	Non-executive Director, Independent	None	2	No	1	-	-
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	5	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	5	Yes	3	3	-
Smt Priya Bhansali DIN: 00195848	Non-executive Director, Independent	None	4	Yes	1	-	1
Sri K P Ramakrishnan DIN: 07029959	Non-executive Director, Independent	None	5	Yes	1	-	-

* was Director of the Company up to 18th September 2017.

a. excludes directorships held in private limited companies and Section 8 company.

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

3. COMMITTEES OF THE BOARD

A. Audit Committee

Terms of reference

The Company has adopted an Audit Committee Charter to be in line with enhanced scope for the Committee as laid down under Section 177 of the Companies Act 2013 and Regulation 18(3) read with Part C of Schedule II to the Listing Regulations.

The powers and terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Regulation 18(3) read with Part C of Schedule II to Listing Regulations as well as those in Section 177 of the Companies Act 2013 and are as follows:

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

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

Consequent to the passing away of Sri A Shanmugasundaram, Independent Director, one of the members of Audit Committee, on 19th September 2017, the Audit Committee was reconstituted on 3rd November 2017.

Composition

The present composition of the Audit Committee, number of meetings held and the attendance of its members are given below:

1. Dr. A Selvakumar, Chairman
2. Sri M Srinivaasan, Member
3. Sri K P Ramakrishnan, Member

The Committee held five meetings during the financial year on 24th May 2017, 9th August 2017, 13th November 2017, 8th February 2018 and 27th March 2018. The gap between two meetings was within one hundred and twenty days only.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman	5	5
Sri A Shanmugasundaram, Member*	2	2
Sri M Srinivasan, Member	5	2
Sri K P Ramakrishnan, Member**	3	3

* was member of the Committee up to 18th September 2017

** has been a member of the Committee since 3rd November 2017

All the members of Audit Committee are financially literate. The minutes of Audit Committee are being 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 Company has adopted a Nomination and Remuneration Committee Charter. The role of Nomination and Remuneration Committee is as required under Section 178 of the Companies Act 2013 and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

Terms of reference

The terms of reference of the Committee includes the following:

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

The company has complied with the mandatory requirement of Regulation 19 of the Listing Regulations regarding Nomination and Remuneration Committee.

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Consequent to the passing away of Sri A Shanmugasundaram, Independent Director, one of the members of Nomination and Remuneration Committee, on 19th September 2017, the Nomination and Remuneration Committee was reconstituted on 13th November 2017.

Composition

The present composition of the Nomination and Remuneration Committee, the number of meetings held and the attendance of its members are given below:

1. Sri P S Gopalakrishnan, Chairman
2. Dr A Selvakumar, Member
3. Smt Priya Bhansali, Member

The Committee held two meetings during the financial year on 10th August 2017 and 27th March 2018. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

Name	No. of meetings held	No. of meetings attended
Sri P S Gopalakrishnan, Chairman	2	2
Dr A Selvakumar, Member	2	2
Sri A Shanmugasundaram, Member*	1	1
Smt Priya Bhansali, Member**	1	1

* was member of the Committee up to 18th September 2017

** has been a member of the Committee since 13th November 2017

Remuneration to Directors:

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 fee as permitted under the Companies Act 2013 plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-executive directors are not being paid any commission.

The details of remuneration/sitting fee paid to the executive/non-executive directors for the financial year 2017-18 and the shares held by them are given below.

Name of the Director	Salary	Comm- ission	Perqui- sites	Sitting Fee	Total	No. of equity shares held
	← (₹ lakh) →					
Dr M Manickam	-	-	-	1.40	1.40	92,813
Sri M Balasubramaniam	49.64	66.94	0.30	-	116.88	1,92,000
Sri M Srinivaasan	-	-	-	0.80	0.80	2,51,355
Sri A Shanmugasundaram*	-	-	-	0.80	0.80	7,875
Dr A Selvakumar	-	-	-	3.00	3.00	300
Sri P S Gopalakrishnan	-	-	-	1.60	1.60	Nil
Smt Priya Bhansali	-	-	-	1.60	1.60	Nil
Sri K P Ramakrishnan	-	-	-	1.80	1.80	Nil

* paid up to 18th September 2017

Notes:

1. The present tenure of 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.

2. The Company has entered into an agreement with Managing Director for a period of 5 years with effect from 29th September 2015.
3. In terms of the Articles of Association, the resignation of a director becomes effective upon its acceptance by the Board.
4. No severance fee is payable to the Directors on termination of office.
5. The company has no stock option scheme either to its directors or to its employees.
6. None of the non-executive directors have any pecuniary relationship or transactions with the company.

C. Stakeholders' Relationship Committee

Terms of reference

The powers and terms of reference of this Committee is as per Part D of Schedule II B of the Listing Regulations. The Committee shall consider and resolve the grievances of the security holders of the company, including complaints related to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends.

Composition

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

1. Dr M Manickam, Chairman
2. Sri M Balasubramaniam, Member
3. Dr A Selvakumar, Member

Name, Designation and Address of Compliance Officer

S.Venkatesh, Company Secretary
Sakthi Finance Limited
(CIN:L65910TZ1955PLC000145)
62, Dr.Nanjappa Road
Post Box No.3745, Coimbatore - 641 018
Tel : (0422) 2231471-474, 4236200

E-mail : investors@sakthifinance.com

Website : www.sakthifinance.com

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 one meeting during the financial year on 2nd November 2017 and all the members attended the meeting.

During the year, the Company received a complaint from a shareholder regarding non-receipt of dividend. It was expeditiously attended to the satisfaction of the complainant. No complaint was pending as at the close of the financial year.

The Chairman of Stakeholders' Relationship Committee was present at the last Annual General Meeting.

D. Asset Liability Management Committee

Terms of reference

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

Composition

The composition of the Asset Liability Management Committee is given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director (Chairman)
2. Sri. M. K Vijayaraghavan, Chief Financial Officer

3. Sri S Senthilkumar, Deputy General Manager (Finance and Accounts)

The committee held three meetings during the financial year on 20th May 2017, 17th November 2017 and 30th March 2018 and all the members attended the meetings.

E. Risk Management Committee

Terms of reference

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

Composition

The composition of the Risk Management Committee is given below:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director
2. Dr A Selvakumar, Director

During the financial year, one Meeting was held on 24th March 2018 and all the members attended the meeting.

F. Corporate Social Responsibility Committee (CSR Committee)

Terms of reference

The role of CSR Committee is to formulate and recommend to the Board, a CSR Policy which shall:

1. indicate the activities to be undertaken as specified in Schedule VII to the Companies Act 2013;
2. recommend the amount of expenditure to be incurred on the CSR activities;
3. to monitor the CSR Policy of the Company from time to time;
4. prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Company; and
5. to do all such acts, deeds and things as may be required in connection with the CSR activities. The CSR Committee formulated and recommended the CSR Policy to the Board during the financial year 2015. The CSR Policy has been hosted on the website of the Company.

Composition

The CSR Committee consists of the following Directors:

1. Sri P S Gopalakrishnan, Chairman
2. Dr A Selvakumar, Member
3. Sri M Balasubramaniam, Member

The Committee held a meeting during the financial year on 27th March 2018 and all the members attended the meeting.

G. Finance and Investment Committee

Terms of reference

The Committee is authorised to borrow, accept and approve sanctions/ modifications of credit facilities with the bankers and other financial institutions up to an amount not exceeding ₹ 50,000 lakh and to make necessary investments in compliance with RBI Directions.

Composition

The composition of the Committee is given below:

1. Dr. M Manickam, Chairman
2. Sri M Balasubramaniam, Vice Chairman and Managing Director
3. Dr A Selvakumar, Director

During the financial year, four Meetings were held on 4th September 2017, 26th October 2017, 5th January 2018 and 1st March 2018 for approving the borrowings of the company and all the members attended the meeting.

H. Allotment Committee
Terms of reference

The Committee is authorised to allot Equity Shares and other securities and to do such acts, deeds and things as may be deemed necessary or desirable in connection such allotment of Equity Shares and other Securities.

The Allotment Committee was reconstituted on 13th November 2017, consequent to the passing away of Sri A Shanmugasundaram, Independent Director on 19th September 2017, who was one of the members of Allotment Committee.

Composition

The present composition of the Allotment Committee, the number of meetings held and the attendance of its members are given below:

1. Sri. M. Balasubramaniam, Vice Chairman and Managing Director
2. Dr. A. Selvakumar, Director
3. Sri. K P Ramakrishnan, Director

During the financial year, 15 Meetings were held on 25th April 2017, 30th May 2017, 17th July 2017, 23rd August 2017, 16th September 2017, 5th October 2017, 21st October 2017, 7th November 2017, 30th November 2017, 28th December 2017, 17th January 2018, 8th February 2018, 1st March 2018, 16th March 2018 and 31st March 2018 for allotting preference shares and debentures under private placement.

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam, Chairman	15	15
Dr A Selvakumar, Member	15	15
Sri A Shanmugasundaram, Member*	15	4
Sri. K P Ramakrishnan, Member**	15	7

* was member of the Committee up to 18th September 2017

** has been a member of the Committee since 13th November 2017

I. NCD Issuance Committee
Terms of reference

This Committee is formed for the purpose of:

- a. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorised person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
- b. giving or authorising the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- c. appointing the lead manager(s) to the issue in accordance with the provisions of the Debt Regulations;
- d. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into with various commercial and other agreements, and/or any/all government and regulatory authorities concerned in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
- e. deciding, approving, modifying or altering the pricing and terms of the NCDs, and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board;
- f. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalised in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;

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- g. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection therewith;
- h. appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the Debt Regulations;
- i. finalisation of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;
- j. appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the Debt Regulations;
- k. authorisation of the RTA for maintenance of register of NCD holders;
- l. finalisation of the basis of allotment of the NCDs including in the event of over-subscription;
- m. finalisation of the allotment of the NCDs on the basis of the applications received; acceptance and appropriation of the proceeds of the NCD Issue; and
- n. to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

Composition

The NCD Issuance Committee consists of following Directors:

1. Sri. M. Balasubramaniam, Vice Chairman and Managing Director
2. Dr. A. Selvakumar, Director
3. Sri. M.Srinivaasan, Director

No meeting was required to be held during the year.

J. Policy Review Committee

Terms of reference

The Committee is formed for the purpose of reviewing all regulatory policies of the company from time to time.

Composition

The present composition of the Policy Review Committee consists of following Directors as it's members.

1. Sri. M. Balasubramaniam, Chairman
2. Dr. A. Selvakumar, Member
3. Smt. Priya Bhansali, Member
3. Sri. K.P. Ramakrishnan, Member

The Committee held two meetings during the financial year on 24th May 2017 and 28th March 2018 and all the members attended the meeting.

K. Information Technology (IT) Strategy Committee

Terms of reference

1. Providing input to other Board Committees and Senior Management.
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.

4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
7. Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

Composition

The Information Technology Strategy Committee consists of following Directors and Senior Management Personnel as members.

1. Dr. A Selvakumar, Independent Director
2. Dr S Veluswamy, Chief Executive Officer
3. Sri M K Vijayaraghavan, Chief Financial Officer
4. Dr S Krishnaswamy, Chief Technology Officer (CTO)
5. Sri M Purushothaman, Associate Vice President, PMO
6. Sri N Raveendran, Sr. General Manager (EWS)

The committee held a meeting during the financial year on 19th January 2018 and all the members attended the meeting.

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 held are given below:

Year	AGM	Date	Time	Venue
2017	60th	25th September 2017	12.05 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2016	59th	24th September 2016	4.30 p.m	
2015	58th	28th September 2015	4.30 p.m	

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

Date of AGM	Particulars of Special Resolutions passed
25th September 2017 (60th AGM)	Private Placement of Secured or Unsecured, Redeemable, Non-Convertible Debentures (NCDs) and/or other Debt Securities for an amount not exceeding ₹ 750 Crore
24th September 2016 (59th AGM)	1. Alteration of Capital Clause in the Articles of Association 2. Private Placement of Secured or Unsecured, Redeemable, Non-Convertible Debentures (NCDs) and/or other Debt Securities for an amount not exceeding ₹ 750 Crore 3. Issue of Redeemable Cumulative Preference Shares on Private Placement basis for an amount not exceeding ₹ 30 Crore
28th September 2015 (58th AGM)	Private Placement of Secured, Redeemable, Non-Convertible Debentures (SRNCDs) and/or other Debt Securities for an amount not exceeding ₹ 500 Crore.

No Special Resolution was passed last year through Postal Ballot.

The company has no proposal to pass any Special Resolution through postal ballot in terms of Section 110 of the Companies Act 2013 in the forthcoming Annual General Meeting.

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6. MEANS OF COMMUNICATION

- a. The quarterly results are published in national/regional daily ("Business Line" in English and "The Hindu" 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** and also filed with BSE Limited's On-line portal.
 - Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under "Investors Section"
 - Letters/intimation to Stock Exchanges in the "Investor Announcements" under "Investors Section"

7. MANAGEMENT

A detailed Management Discussion and Analysis Report forms part of the Board's Report.

8. DIRECTORS' REAPPOINTMENT / CONTINUATION

Details of disclosure regarding reappointment of a Director liable to retire by rotation and continuation of Directorship are given in the Annexure to the Notice.

9. GENERAL SHAREHOLDER INFORMATION

61st Annual General Meeting

Day, Date and Time : Monday, 24th September 2018 at 12.00 Noon
Venue : Smt. Padmavathi Ammal Cultural Centre
1548, Avanashi Road, Peelamedu
Coimbatore - 641 004

FINANCIAL CALENDAR FOR 2018-19

Unaudited financial results for the quarter ended June 2018 : On or before 14th August 2018
Unaudited financial results for the quarter ending Sept. 2018 : On or before 14th November 2018
Unaudited financial results for the quarter ending Dec. 2018 : On or before 14th February 2019
Audited financial results for the year ending March 2019 : On or before 30th May 2019
Annual General Meeting for the year ending March 2019 : On or before 30th September 2019

BOOK CLOSURE DATES

From **Tuesday, 18th September 2018 to Monday, 24th September 2018, both days inclusive.**

Dividend payment date: After 24th September 2018 but within stipulated period.

LISTING ON STOCK EXCHANGES AND STOCK CODE

a. Listing

The equity shares are presently listed on BSE Limited, Mumbai. The listing fee has been paid to the exchange. The company has paid the annual custodial fee for the year 2017-18 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2018.

The Company's Non-Convertible Debentures (NCDs) are listed on the Debt Segment of BSE Limited, the details of which are given below:

Issued and allotted on 1st April 2015

Option	ISIN Code	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
VI	INE302E07060	935395	11.50	Monthly	Monday, 1 April 2019
VII	INE302E07078	935397	11.50*	Yearly	Monday, 1 April 2019
VIII	INE302E07086	935399	NA	Cumulative	Monday, 1 April 2019

As per the terms and conditions of the Public Issue Prospectus dated 18.02.2015, your company redeemed Non-Convertible Debentures issued under Option III, IV and V aggregating to **₹1,535.32 lakh**. The redemption was made on 31.03.2018 to the respective Debenture holders.

Issued and allotted on 18th May 2016

Option	ISIN Code	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Date of Maturity
III	INE302E07110	935718	10.50	Monthly	Saturday, 18 May 2019
IV	INE302E07128	935720	10.50*	Yearly	Saturday, 18 May 2019
V	INE302E07136	935722	NA	Cumulative	Saturday, 18 May 2019
VI	INE302E07144	935724	11.00	Monthly	Monday, 18 May 2020
VII	INE302E07151	935726	11.00*	Yearly	Monday, 18 May 2020
VIII	INE302E07169	935728	NA	Cumulative	Monday, 18 May 2020

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

As per the terms and conditions of the Public Issue Prospectus dated 30.03.2016, your company redeemed Non-Convertible Debentures issued under Option I and II aggregating to **₹3,432.09 lakh**. The redemption was made on 18.05.2018 to the respective Debenture holders.

b. The Company's Stock Code for equity shares is as follows:

Stock Exchange

BSE Limited, Mumbai

Stock Code

511066

c. International Securities Identification Number (ISIN)

INE302E01014

d. Corporate Identification Number (CIN)

L65910TZ1955PLC000145

e. Market Price Data

The monthly high and low market prices of the company's equity shares traded on BSE Limited, Mumbai for the financial year 2017-18 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2017	41.80	30.40	30,184	29,241
May 2017	41.80	29.10	31,255	29,804
June 2017	36.50	30.00	31,523	30,681
July 2017	38.50	30.50	32,673	31,017
August 2017	51.00	32.55	32,686	31,128
September 2017	43.45	34.65	32,524	31,082
October 2017	46.50	34.15	33,340	31,440
November 2017	41.60	35.00	33,866	32,684
December 2017	39.40	34.50	34,138	32,565
January 2018	48.10	36.25	36,444	33,703
February 2018	39.75	32.70	36,257	33,483
March 2018	34.95	29.00	34,279	32,484

REGISTRARS AND TRANSFER AGENT	DEBENTURE TRUSTEE
<p>SKDC Consultants Limited (Unit: Sakthi Finance Limited) Regd Office: 'Kanapathy Towers' Third Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Phone : (0422) 4958995, 2539835 - 836 Fax : (0422) 2539837 E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com</p>	<p>Catalyst Trusteeship Limited "Catalyst House" Plot No. 5 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 25280081 Fax : (020) 25280275 E-mail : dt@ctltrustee.com Website: www.catalysttrustee.com</p>

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Share Transfer System

All transfers/transmissions/Issue of Duplicate Share certificates received are processed by the Registrar and Transfer Agent 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 Regulation 40(9) of the Listing Regulations, 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 dematerialization of shares of the company; and
- reconciliation of the share capital of the company by conducting a share capital audit on a quarterly basis.

DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2018

The distribution of shareholding as at 31st March 2018 is as under:

Share holding	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	12,812	89.17	17,86,876	3.57
501 - 1000	845	5.88	6,68,779	1.34
1001 - 2000	348	2.42	5,13,367	1.03
2001 - 3000	133	0.93	3,41,855	0.68
3001 - 4000	52	0.36	1,85,400	0.37
4001 - 5000	50	0.35	2,32,324	0.46
5001 - 10000	64	0.45	4,50,436	0.90
10001 & above	63	0.44	4,58,20,963	91.65
Total	14,367	100.00	5,00,00,000	100.00

SHAREHOLDING PATTERN AS AT 31ST MARCH 2018

The shareholding pattern as at 31st March 2018 is as under:

Category	Percentage
Promoters / Promoter Group	64.21
Other bodies corporate	15.88
Banks, Financial Institutions and Mutual Funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.09
Resident public	10.92
Total	100.00

DEMATERIALIZATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). 4,28,89,785 Equity Shares of the Company constituting 85.78% of the paid-up capital were dematerialised as on 31st March 2018.

NOMINATION FACILITY

The company is accepting nomination forms from members in the prescribed Form SH-13. Any member, who is desirous of making a nomination, is requested to contact the Secretarial department at the Registered Office of the company or the Registrar and Transfer Agent. 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 GDRs OR ADRs OR WARRANTS OR ANY CONVERTIBLE INSTRUMENT'S CONVERSION DATE AND LIKELY IMPACT ON EQUITY

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

ADDRESS FOR CORRESPONDENCE

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

INVESTORS' CORRESPONDENCE

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

Contact Person: Sri K Marimuthu

Investors 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

The company has designated the following exclusive E-mail Id for the convenience of investors.

investors@sakthifinance.com

Mandatory Requirement of Permanent Account Number (PAN):

SEBI has, by its Circular dated 7th January 2010, 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 2015, as amended, the company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Insiders. Sri S Venkatesh, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such designated employees of the Company and other connected persons who have access to unpublished price sensitive information relating to the company.

Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

Pursuant to Regulation 39(4) of the Listing Regulations, 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 2018 are as follows:

SI No	Particulars	No. of Share holders	No. of Shares
1	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the beginning of the year	34	2,975
2	Number of shareholders who approached for transfer of shares from Unclaimed Shares Demat Suspense Account during the year	-	-
3	Number of shareholders to whom Shares were transferred from Unclaimed Shares Demat Suspense Account during the year	-	-
4	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the end of the year	34	2,975

The voting rights in the shares outstanding in the suspense account as on 31st March 2018 shall remain frozen till the rightful owners of such shares claim the shares.

10. OTHER DISCLOSURES

Related Party Disclosures

The details of transactions with related parties are disclosed in Note 32 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company www.sakthifinance.com. The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its information. 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.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

Our Company's operations does not give rise to any of these risks or activities.

Details of Non-Compliance, Penalties and Strictures

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.

Whistle Blower Policy/Vigil Mechanism

The Company has adopted a Whistle Blower Policy/Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external Shareholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The policy provides not only for adequate safeguards against victimisation of employees who avail of this mechanism but also direct access to the Chairman of Audit Committee. No personnel of the Company has been denied access to the Chairman of the Audit Committee. During the year, no complaint was received in this regard.

Accounting treatment in preparation of Financial Statements

The Company has prepared the financial statements in accordance with the generally accepted Accounting principles in India (Indian GAAP) to comply with Accounting Standards specified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013.

CEO/CFO Certification

In accordance with Regulation 17(8) read with Part 1 of Schedule II to the Listing Regulations relating to CEO/CFO certification, Vice Chairman and Managing Director and Chief Financial Officer have given necessary certificate to the Board for the financial year ended 31st March 2018.

MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

DISCRETIONARY REQUIREMENTS

The company's status of compliance with the following discretionary requirements as specified in Regulation 27(1) read with Part E of Schedule II to the Listing Regulations are given below:

The Board	The Company does not maintain a separate office for Non-executive Chairman.
Shareholder Rights	The half-yearly financial results are published in leading newspapers and are also displayed on the Company's website www.sakthifinance.com . Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Auditor's Report	During the year under review, there was no Audit qualifications in the Auditor's Report on the Company's financial statements.
Separate posts of Chairman and CEO	The post of Non-executive Chairman of the Board is separate from that of Managing Director.
Reporting of Internal Auditor	The Company has appointed a Practising Chartered Accountant as an internal auditor and he reports directly to the Audit Committee of the Company.

The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read with Schedule V(C) to the Listing Regulations.

Disclosures on compliance with Corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant Section of the report. Appropriate information has been placed on the Company's website pursuant to Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

11. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As stipulated in Regulation 34(3) of Schedule V to the Listing Regulations, the Auditors' certificate on compliance of conditions of Corporate Governance is annexed to this Report.

Information on the Company's website including composition of Committees, key policies, codes and charters, adopted by the Company are given below:

Name of the Policy, Code or Charter	Brief description	Web Link
Terms of Appointment of Independent Directors	The appointment letter issued to Independent Directors detailing the broad terms and conditions of their appointment	https://sakthifinance.com/independentdirectors.php
Board Committees	The composition of various committees of the Board	https://sakthifinance.com/compositionofcommitte.php
Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct.	https://sakthifinance.com/policy.php
Whistleblower Policy (Vigil Mechanism)	Whistleblower Policy has been formulated for Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.	https://sakthifinance.com/policy.php
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties.	https://sakthifinance.com/policy.php

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Name of the Policy, Code or Charter	Brief description	Web Link
Familiarisation Programme	For Independent Directors through various programmes/presentations	https://sakthifinance.com/familiarisation.php
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company.	https://sakthifinance.com/policy.php
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes.	https://sakthifinance.com/policy.php
Investor Education and Protection Fund (IEPF)	Statement of unclaimed and unpaid amounts of Dividend, Debentures and Deposits	https://sakthifinance.com/unclaimed.php
Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc.	https://sakthifinance.com/policy.php
Policy on Disclosure of material events	This policy provides timely, adequate and uniform dissemination of information and disclosure of Unpublished Price Sensitive information to provide accurate and timely communication to our shareholders and the financial markets.	https://sakthifinance.com/policy.php

For and on behalf of the Board

9th August 2018
Coimbatore

M MANICKAM
Chairman

ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V TO THE LISTING REGULATIONS

I, M Balasubramaniam, Vice Chairman and Managing Director, hereby 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 2018.

9th August 2018
Coimbatore

For Sakthi Finance Limited
M BALASUBRAMANIAM
Vice Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Sakthi Finance Limited,

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited ('the Company'), for the year ended 31st March 2018, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of 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 SEBI Listing Regulations, 2015.

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.

9th August 2018
Coimbatore

For P K Nagarajan & Co
Chartered Accountants
Firm Regn. No.:016676S
P K Nagarajan
Partner
Membership No:025679

INDEPENDENT AUDITORS' REPORT

To

The Members of Sakthi Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SAKTHI FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of the powers conferred by sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

SAKTHI FINANCE LIMITED

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No.26 to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For P K Nagarajan & Co.,
Chartered Accountants
Firm Regn. No.:016676S

P K Nagarajan
Partner

Membership No.025679

Coimbatore
30th May 2018

The Annexure- 'A' referred to in our Independent Auditors' report to the members of the company on the financial statements for the year ended 31st March 2018, we report that:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note No.10 to the financial statements, are held in the name of the company.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) to (c) of the order are not applicable to the company.

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- iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties mentioned in Section 185 of the Companies Act 2013. The provision of Section 186 is not applicable to the Company, as it is a Non-Banking Financial Company.
- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act, 2013 for the activities of the company.
- vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, service tax, sales tax, cess and any other applicable material statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the disputed statutory dues (in case of income tax, service tax and cess) aggregating to Rs. 1338.12 Lakhs that have not been deposited on account of matters pending before appropriate authority are as under:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Income Tax Appellate Tribunal, Chennai
Finance Act 1994	Service Tax	1328.29	Oct 2009 to Sept 2014	High Court of Madras
	Total	1338.12		

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.
- ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purpose for which those were raised. The Company has not raised any money by way of public offer.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever, applicable. The details of such related party transactions have been disclosed in the notes to the financial statements as required under the Accounting Standard (AS) 18.
- xiv. During the year under review, the company has made private placement of preference shares and the requirements of Section 42 of the Act have been complied with. The amounts raised have been used for the purpose for which they were raised. Further, during the year, the company has neither made any fully or partly convertible debentures nor any preferential allotment of shares.

- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, para 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, we report that the company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For P K Nagarajan & Co.,
Chartered Accountants
Firm Regn. No.:016676S

Coimbatore
30th May 2018

P K Nagarajan
Partner
Membership No.025679

Annexure-'B' to the Independent Auditors' report of even date on the Financial Statements of SAKTHI FINANCE LIMITED

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Sakthi Finance Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of the internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risks. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material mis-statements of the financial statements, whether due to fraud or error.

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We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

Meaning of Internal Financial Control Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that:

- 1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Coimbatore
30th May 2018

For P K Nagarajan & Co.,
Chartered Accountants
Firm Regn. No.:016676S

P K Nagarajan
Partner
Membership No.025679

BALANCE SHEET AS AT 31ST MARCH 2018

(₹ Lakhs)

Particulars	Note	As at 31st March 2018	As at 31st March 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	6,137.45	6,050.00
Reserves and Surplus	4	10,790.14	10,332.43
		16,927.59	16,382.43
Non-Current Liabilities			
Long-Term Borrowings	5	45,749.87	59,222.37
Deferred Tax Liabilities (net)	6	244.56	424.79
		45,994.43	59,647.16
Current Liabilities			
Short-Term Borrowings	7	18,870.10	13,790.74
Other Current Liabilities	8	25,202.54	16,425.25
Short-Term Provisions	9	2,355.52	1,667.88
		46,428.16	31,883.87
TOTAL		109,350.18	107,913.46
ASSETS			
Non-Current Assets			
Fixed Assets:	10		
- Tangible Assets		5,917.46	6,005.11
- Intangible Assets		359.00	462.83
- Capital Work-in-Progress		74.87	5.43
Non-Current Investments	11	2,566.44	2,604.90
Long-Term Loans and Advances	12	1,070.97	1,017.89
		9,988.74	10,096.16
Current Assets			
Current Investments	13	136.31	-
Stock on Hire	14	90,161.19	90,366.43
Trade Receivables	15	123.65	136.12
Cash and Bank Balances	16	5,202.88	3,566.42
Short-Term Loans and Advances	17	3,578.94	3,508.88
Other Current Assets	18	158.47	239.45
		99,361.44	97,817.30
TOTAL		109,350.18	107,913.46

The accompanying Notes form an integral part of the financial statements 1-38

As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.:016676S

P.K.NAGARAJAN
Partner
Membership No.025679

Coimbatore
30th May 2018

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

M. MANICKAM
Chairman

S. VENKATESH
Company Secretary

M.K. VIJAYARAGHAVAN
Chief Financial Officer

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2018	For the year ended 31st March 2017
REVENUE FROM OPERATIONS			
Income from Operations	19	16,597.86	16,781.20
Other Income	20	258.11	274.20
Total Revenue		<u>16,855.97</u>	<u>17,055.40</u>
EXPENSES			
Employee Benefits Expense	21	2,373.06	2,084.86
Finance Costs	22	9,993.28	10,346.56
Depreciation and Amortization Expense	23	331.92	321.71
Other Expenses	24	1,652.67	1,503.32
Provisions and Write-off	25	607.05	655.51
Contingent Provision against Standard Assets		44.04	31.90
Total Expenses		<u>15,002.02</u>	<u>14,943.86</u>
Profit before Exceptional and Extraordinary Items and Tax		1,853.95	2,111.54
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		1,853.95	2,111.54
Extraordinary Items		-	-
Profit before Tax		1,853.95	2,111.54
Tax Expense:		661.32	435.98
- Current Tax		839.28	599.84
- Deferred Tax		(180.23)	(163.88)
- Provision for Taxation (earlier years)		2.27	0.02
Profit after tax from continuing operations		<u>1,192.63</u>	<u>1,675.56</u>
Earnings per Equity Share			
Par Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		2.12	3.10
- Diluted (₹)		2.12	3.10

The accompanying Notes form an integral part of the financial statements 1-38

As per our report attached

For P.K. Nagarajan & Co
Chartered Accountants
Firm Regn. No.:016676S

P.K.NAGARAJAN
Partner
Membership No.025679

Coimbatore
30th May 2018

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

M. MANICKAM
Chairman

S. VENKATESH
Company Secretary

M.K. VIJAYARAGHAVAN
Chief Financial Officer

CASH FLOW STATEMENT

(₹ Lakhs)

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	1,853.95		2,111.54	
Adjustments for:				
Add: Finance costs	<u>9,993.28</u>	11,847.23	<u>10,346.56</u>	12,458.10
Depreciation and amortisation expense		331.92		321.71
Increase / (Decrease) in diminution in value of Investments		93.16		19.35
Increase / (Decrease) in provision against Non Performing Assets		481.03		356.93
Increase / (Decrease) in provision against Standard Assets		44.04		31.90
Loss / (Profit) on sale of assets		0.36		-
Interest received		<u>(795.91)</u>		<u>(596.80)</u>
Operating profit before working capital changes		<u>12,001.83</u>		<u>12,591.19</u>
Adjustments for:				
Adjustments for (Increase)/Decrease in Operating Activities:				
Stock on Hire	205.24		1,812.55	
Trade receivables	12.47		12.69	
Cash and Bank Balances	<u>(986.86)</u>		571.55	
Short Term Loans and Advances	<u>(70.06)</u>		(1,147.74)	
Long Term Loans and Advances	<u>(53.08)</u>		(823.70)	
Other Current Assets	80.98		(14.76)	
Other Non-Current Assets	-		162.17	
Other Current Liabilities	<u>8,846.71</u>	<u>8,035.40</u>	<u>(4,720.12)</u>	<u>(4,147.36)</u>
Cash Generated from operations		<u>20,037.23</u>		8,443.83
Finance costs	<u>(9,993.28)</u>		(10,346.56)	
Direct taxes paid	<u>(841.55)</u>	<u>(10,834.83)</u>	<u>(599.86)</u>	<u>(10,946.42)</u>
Net cash from/(used in) Operating Activities (A)		<u>9,202.40</u>		<u>(2,502.59)</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assets		<u>(211.28)</u>		(160.58)
Sale of Fixed Assets		1.03		-
Purchase of Investments		<u>(97.85)</u>		(257.56)
Interest received		<u>795.91</u>		596.80
Net cash from Investing Activities (B)		<u>487.81</u>		<u>178.66</u>
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital		87.45		-
NCD Public issue expenses transferred to Securities Premium Account		-		(753.42)
Increase/(Decrease) in Long Term Borrowings		<u>(13,472.50)</u>		14,972.44
Increase/(Decrease) in Short Term Borrowings		<u>5,079.36</u>		(10,780.12)
Dividend and Tax on dividend paid		<u>(734.92)</u>		(728.17)
Net Cash from/(used in) Financing Activities (C)		<u>(9,040.61)</u>		<u>2,710.73</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		<u>649.60</u>		386.80
Cash and cash equivalents at the beginning of the year		<u>3,115.10</u>		2,728.30
Cash and cash equivalents at the close of the year		<u>3,764.70</u>		3,115.10
Components of cash and cash equivalents at the end of the year:				
Cash on hand		839.68		845.18
Balance with Banks:				
- cheques, drafts on hand		2,070.60		1,652.03
- in current accounts		<u>854.42</u>		<u>617.89</u>

The accompanying Notes form an integral part of the financial statements

Notes: 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), 'Cash Flow Statements'.

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

As per our report attached

For P.K. Nagarajan & Co

Chartered Accountants

Firm Regn. No.:016676S

P.K.NAGARAJAN

Partner

Membership No.025679

Coimbatore, 30th May 2018

For and on behalf of the Board

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

M. MANICKAM

Chairman

S. VENKATESH

Company Secretary

M.K. VIJAYARAGHAVAN

Chief Financial Officer

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1 Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office in Coimbatore, Tamilnadu. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

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

2 Significant Accounting Policies

a. Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) to comply with the accounting standards notified under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013 as applicable and the guidelines issued by Reserve Bank of India applicable to Non-Banking Financial Companies. The Financial Statements have been prepared on accrual basis under the historical cost convention, except for certain fixed assets which have been revalued. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. Use of Estimates

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

c. Tangible Assets

Tangible assets, other than those which have been revalued, are stated at historical cost less accumulated depreciation. The revalued tangible assets are restated at their estimated replacement value at the time of revaluation.

d. Depreciation on Fixed Assets

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) using the rates arrived at based on the Useful Life estimated by the management. The Company has used the following useful life to provide depreciation on Fixed Assets.

Particulars	Useful Life as prescribed by Schedule II to the Companies Act 2013	Useful Life estimated by the Company
Building	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Wind Mills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	10 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of computers as 6 years.

Additional depreciation on revalued Fixed Assets has been transferred from Revaluation Reserve Account to General Reserve Account.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**e. Intangible Assets**

Intangible Assets are carried at its cost less any accumulated amortization. The depreciable amount of intangible assets are allocated on a systematic basis over the best estimate of useful life. The Management has considered the useful life of intangible asset as 6 years.

Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal or external factors. No impairment loss has arisen during the year.

f. Revenue Recognition

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

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

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

g. Investments

Investments, by its nature readily realisable to be held for not more than a year, are classified as current investments. All other investments are classified as Non-current investments which are carried at cost and provision for diminution in value, other than temporary, is considered wherever required. Current investments are carried at the lower of cost or fair value.

h. Employee Benefits**i) Defined Contribution Plans****1. Provident Fund (PF)**

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

2. Superannuation

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

ii) Defined Benefit Plans**Gratuity**

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

iii) Other Benefits

Other benefits made available to employees include contributions made by the Company under (a) ESI Scheme (b) Employees Deposit Linked Insurance (c) Group Personal Accident

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Insurance and (d) Group Medclaim benefits. Obligations under these benefits which are in the nature of staff welfare are recognized as expense in the year in which they are incurred.

Leave salary is determined for a period of 12 months ended 31st December of each year and paid fully within the end of the accounting year.

i. Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on the basis of lease term.

j. Earnings per share

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

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

k. Cash and Cash Equivalents

Cash and Cash Equivalents in the Cash Flow Statement comprise cash at bank in hand, cheques on hand and balance in Current Account.

l. Taxes on Income

The tax expenses is the aggregate of current tax and deferred tax charged or credited to the statement of profit and loss for the period. 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.

m. Stock on Hire

Stock on Hire represents unexpired and unpaid instalments under Hire Purchase Finance Agreements. Stock on hire in relation to repossessed assets is shown separately under other current assets.

n. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are shown by way of notes forming part of the Balance Sheet. Contingent Assets are neither recognized nor disclosed in the financial statements.

o. 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 Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

(ii) Contingent Provision against Standard Assets

As per Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, all Non-Banking Financial Companies are required to make a provision of 0.40% on the Standard Assets as on 31st March 2018. Accordingly, necessary provision has been made.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ Lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	Amount	No. of Shares	Amount
3. SHARE CAPITAL				
AUTHORISED SHARE CAPITAL				
Equity Shares of ₹10 each	7,00,00,000	7,000.00	7,00,00,000	7,000.00
Redeemable Cumulative Preference Shares of ₹100 each	30,00,000	3,000.00	30,00,000	3,000.00
		10,000.00		10,000.00
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
Equity Shares of ₹10 each fully paid-up	5,00,00,000	5,000.00	5,00,00,000	5,000.00
10% Redeemable Cumulative Preference Shares of ₹100 each	3,02,450	302.45	10,50,000	1,050.00
9% Redeemable Cumulative Preference Shares of ₹100 each	8,35,000	835.00	-	-
		6,137.45		6,050.00

a) Reconciliation of shares outstanding at the beginning and end of the year (₹ Lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
No. of Shares at the beginning of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Add : Fresh issue of Shares during the year	-	-	-	-
Number of Shares at the end of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Redeemable Cumulative Preference Shares				
No. of Shares at the beginning of the year	10,50,000	1,050.00	10,50,000	1,050.00
Add : Fresh issue of Shares during the year	8,35,000	835.00	-	-
Less : Redemption of shares during the year	(7,47,550)	(747.55)	-	-
Number of Shares at the end of the year	11,37,450	1,137.45	10,50,000	1,050.00

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

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

Equity Shares

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

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

The Board of Directors have recommended an equity dividend of ₹ 1 per share (10% on the face value of ₹ 10) aggregating to **₹ 602.80 Lakhs** including a dividend distribution tax of **₹ 102.80 Lakhs**.

Redeemable Cumulative Preference Shares

The Redeemable Cumulative Preference Shares have a par value of ₹ 100. These shares carry a fixed cumulative dividend of 10% and 9% respectively per annum. These shares would be redeemable at par at the end of 3 years from various dates of allotment.

During the year 8,35,000 9% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to **₹ 835.00 Lakhs** were allotted on 1st March, 2018. 7,47,550 10% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to **₹ 747.55 Lakhs** were redeemed during the year.

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

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

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

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

The Board of Directors have at their meeting held on 28th March 2018, declared an interim dividend of ₹ 10 per share (10% on a par value of ₹ 100) for the year ending 31st March 2018. The Board of Directors have also declared a *pro rata* dividend of 9% on RCPS of ₹ 100 allotted during the year. The total Preference Dividend, including interim and *pro rata* dividend, comes to **₹ 133.12 lakhs**, including corporate dividend tax of **₹ 22.51 lakhs**.

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

Name of the Shareholder	As at 31st March 2018		As at 31st March 2017	
	% of holding	No. of Shares	% of holding	No. of Shares
Equity Shares with Voting Rights				
ABT Investments (India) Private Limited	17.46	87,27,400	17.46	87,27,400
Sakthifinance Financial Services Limited	16.22	81,10,000	16.22	81,10,000
Avdhoot Finance and Investment Private Limited	11.25	56,24,208	11.25	56,24,208
Bridgewater Investment Corporation Limited	8.90	44,50,000	8.90	44,50,000
The Gounder and Company Auto Limited	7.85	39,25,000	7.85	39,25,000
Sakthi Financial Services (Cochin) Private Limited	6.82	34,11,246	6.82	34,11,246
10% Redeemable Cumulative Preference Shares				
Mr B.R.Prabhakar	6.61	20,000	-	-
Mr R.Ramaseshan	9.92	30,000	-	-
Ms Aashika Jayanth	-	-	2.38	25,000

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
4. RESERVES AND SURPLUS		
Capital Reserve		
Balance as at the Opening and Closing of the year	52.61	52.61
Securities Premium Account		
Opening Balance	801.07	1,554.49
Less : NCD Public issue expenses	-	753.42
Closing Balance	801.07	801.07
Revaluation Reserve		
Opening Balance	1,822.44	1,865.68
Less : Transfer to surplus in Statement of Profit and Loss	43.24	43.24
Closing Balance	1,779.20	1,822.44
General Reserve		
Opening Balance	1,500.00	1,500.00
Less : Transfer to Surplus in statement of Profit and Loss	1,000.00	-
Closing Balance	500.00	1,500.00
Debenture Redemption Reserve		
Opening Balance	2,603.00	960.00
Add : Transfer from surplus in Statement of Profit and Loss	1,333.00	1,643.00
Closing Balance	3,936.00	2,603.00
Statutory Reserve as per Section 45IC of the RBI Act 1934		
Opening Balance	2,466.12	2,131.01
Add : Transfer from surplus in Statement of Profit and Loss	238.53	335.11
Closing balance	2,704.65	2,466.12
As per the requirements of Section 45IC of the Reserve Bank of India Act 1934, a Statutory Reserve has been created at 20% of the profits after tax available for appropriation.		
Surplus in Statement of Profit and Loss		
Opening Balance	1,087.19	1,472.88
Add : Profit after tax for the year	1,192.63	1,675.56
Transfer from General Reserve	1,000.00	-
Transfer from Revaluation Reserve (Depreciation on Revalued Assets)	43.24	43.24
	3,323.06	3,191.68
Less: Appropriations		
Interim dividend on Preference shares (₹ 10 per share)	104.23	105.00
Tax on Interim dividend on Preference Shares	21.22	21.38
<i>Pro rata</i> dividend on Preference Shares Paid	6.38	-
Tax on <i>pro rata</i> dividend on Preference Shares	1.29	-
Equity Dividend (₹ 1 per share) paid (FY 2017)	500.00	-
Tax on Dividend-Equity Shares (FY 2017)	101.80	-
Transfer to Statutory Reserve	238.53	335.11
Transfer to Debenture Redemption Reserve	1,333.00	1,643.00
Closing Surplus	1,016.61	1,087.19
Total	10,790.14	10,332.43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars	(₹ Lakhs)	
	As at 31st March 2018	As at 31st March 2017
5. LONG-TERM BORROWINGS		
Secured		
Debentures (Refer Note 7)	18,039.12	24,826.99
Term Loans from Financial Institutions / Other Lenders	4,523.31	4,342.06
	22,562.43	29,169.05
Unsecured		
Deposits	9,486.19	7,994.34
Subordinated Debts	11,201.25	19,558.98
Senior Unsecured NCD	2,500.00	2,500.00
Total	45,749.87	59,222.37

Nature of security and terms of repayment for Debentures

- a) 47,96,43,391 (Face value: ₹ 1 each) and 1,16,750 (Face value: ₹ 1000 each) Secured Redeemable Non-Convertible Debentures issued on Private Placement basis and redeemable at par, are secured by specified Hire Purchase receivables. The rate of interest varies from 9% to 12%; 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 up to 31st July, 2010 and 15 to 36 months in relation to each of the series allotted from 1st August 2010 onwards. Out of the debentures mentioned above, **₹ 170 Lakhs** (₹ Nil), is classified as short-term borrowings and is shown under Note 7.
- b) 36,47,900 Secured Redeemable Non-Convertible Debentures of ₹ 100 each aggregating to ₹ 3647.90 Lakhs are secured by specified Hire purchase receivables and a building situated at Madurai. The rate of interest varies from 11% to 11.50%. The date of redemption is reckoned at 24 to 48 months from the date of allotment i.e 01.04.2015. Out of the debentures mentioned above, **₹ 3647.90 Lakhs** (₹ 1686.29 Lakhs), is classified as short-term borrowings and is shown under Note 7.
- c) 16,48,708 Secured Redeemable Non-Convertible Debentures of ₹ 1000 each aggregating to ₹ 16487 Lakhs are secured by specified Hire purchase receivables and an identified immovable property situated at Coimbatore. The rate of interest varies from 10.25% to 11.00%. The date of redemption is reckoned at 24 to 48 months from the date of allotment i.e 18.05.2016. Out of the debentures mentioned above, **₹ 3432.09 Lakhs** (₹ Nil), is classified as short-term borrowings and is shown under Note 7.
- d) During the year, as per the terms and conditions of the Public Issue Prospectus dated 18th February 2015, the Company redeemed Secured Redeemable Non-Convertible Debentures issued under Option on III to V aggregating to **₹ 1535.32 Lakhs** (₹ 4816.78 Lakhs) on 31st March 2018.
- e) For Public Issue of Debentures, Debenture Redemption Reserve has been created based on tenor of the debentures.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
f) Term loan from The Lakshmi Vilas Bank Ltd is secured as under:

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commence-ment date	End date				
1	3,000.00	11.55%	31.10.2016	30.09.2019	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	1,521.43	2,535.71

g) Term loan from AU Small Finance Bank Ltd is secured as under:

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commence-ment date	End date				
1	2,500.00	10.65%	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	2,229.73	-

h) Term loan from Tamil Nadu Industrial Investment Corporation Ltd (TIIC) is secured as under:

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commence-ment date	End date				
1	1,000.00	13.20%	01.04.2015	01.03.2018	3 mths	Hypothecation of specified Hire Purchase receivables and Land & Buildings situated at Coimbatore and Chennai and personal guarantee by three directors	-	37.00

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

i) Term loans from other Lenders are secured as under:

i) Sundaram Finance Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commencement date	End date				
1	1,100.00	13.00%	08.01.2016	08.11.2017	-	Exclusive charge on 17 Wind Mills situated at Tirunelveli/ Tirupur Dist in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	-	415.03
2	750.00	12.90%	03.05.2016	03.04.2017	-		-	66.17
3	1,000.00	10.25%	10.10.2017	10.09.2020	-		853.18	-

ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commencement date	End date				
1	1,500.00	13.50%	23.03.2015	23.02.2018	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	523.82
2	220.00	13.50%	27.03.2015	27.02.2018	-		-	76.90
3	1,000.00	13.50%	14.04.2016	14.09.2018	6		228.25	639.99
4	395.00	13.50%	12.05.2016	12.10.2018	6		104.36	265.36
5	730.00	13.50%	19.09.2016	19.02.2019	6		296.42	580.95
6	330.00	12.90%	24.10.2016	25.03.2019	6		144.69	272.03
7	170.00	12.90%	22.11.2016	22.04.2019	6		80.23	145.14

iii) Hinduja Leyland Finance Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commencement date	End date				
1	2,500.00	12.50%	07.11.2014	08.10.2017	-	Hypothecation of specified Hire Purchase receivables	-	561.29
2	1,500.00	12.50%	07.02.2015	07.04.2018	-		46.44	567.56
3	250.00	12.50%	07.04.2015	07.06.2018	-		23.08	108.55
4	2,600.00	10.71%	07.05.2017	07.04.2020	-		1,897.17	2,600.00
5	1,500.00	10.25%	07.03.2018	07.02.2021	-		1,469.35	-

iv) Mahindra & Mahindra Financial Services Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2018	Amount outstanding as on 31st March 2017
			Commencement date	End date				
1	1,500.00	12.90%	20.04.2015	20.03.2018	-	Hypothecation of specified Hire Purchase receivables	-	565.35

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
j) Repayment Terms for Deposits:

Deposits are repaid on maturity. The period of deposit ranges from 15 to 36 months.

k) The period of Subordinated Debt is 61 months.

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

(₹ Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
6. DEFERRED TAX LIABILITIES (net)		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of depreciation (A)	772.81	835.60
Tax effect of items constituting deferred tax assets:		
Provision for NPA/Contingent Provision against Standard Assets	528.25	402.98
Brought forward capital losses	-	7.83
(B)	528.25	410.81
Total (A-B)	244.56	424.79
7. SHORT-TERM BORROWINGS		
Secured Loans		
Debentures (Refer Note 5)	8,278.68	1,626.89
From Banks		
Cash Credit and Working Capital Demand Loans	10,591.42	12,163.85
Total	18,870.10	13,790.74
Nature of security and Terms of repayment for Cash Credit and Working Capital Demand Loans:		
a) Cash Credits and Working Capital Demand Loans from Scheduled Banks aggregating to ₹ 19260 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of 2/3 directors of the company.		
b) There are no overdues in the above accounts.		
8. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt:		
- Debentures	1,772.27	975.35
- Term Loans from Financial Institutions/Other Lenders	4,371.02	5,618.80
- Deposits	6,959.25	6,849.33
- Subordinated Debts	9,589.82	-
Interest accrued but not due on Deposits	668.05	652.85
Interest accrued but not due on NCDs	292.36	117.28
Interest accrued but not due on Senior Unsecured NCD	0.93	1.85
Interest accrued on Bank Cash Credit etc.	85.67	129.57
Unclaimed dividends	165.71	48.06
Unclaimed matured deposits and interest accrued thereon	318.93	585.05
Unclaimed matured debentures and interest accrued thereon	285.26	292.07
Advances from Customers	75.27	771.20
Security Deposits	0.45	0.45
Tax Deducted at source	90.29	72.91
Liability for Expenses	281.16	246.55
Unclaimed Redeemable Cumulative Preference Shares	213.75	54.05
Other Payables	32.35	9.88
Total	25,202.54	16,425.25

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2018.		
b) The company has not received any information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures relating to their outstanding amount and interest have not been made.		
9. SHORT-TERM PROVISIONS		
Provision for Employee Benefits		
Provision for bonus	56.58	45.17
Provision for gratuity (net)	49.93	48.88
Other Provisions		
Provision for Taxation (Net of Advance tax and refund dues)	56.95	-
Contingent Provision against Standard Assets	359.38	315.34
Provision for Non-Performing Assets	1,695.78	1,214.75
Provision for diminution in value of Investments	136.90	43.74
Total	<u>2,355.52</u>	<u>1,667.88</u>

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

Provision for non-performing assets, doubtful debts, loans and advances have been made as per Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

(ii) Contingent Provision against Standard Assets

As per Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, all Non-Banking Financial Companies are required to make a provision of 0.40% on the Standard Assets as on 31st March 2018. Accordingly, necessary provision has been made. The company has made an incremental provision of **₹ 44.04 lakhs** as at 31st March 2018.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
10. FIXED ASSETS

(₹ Lakhs)

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
	As at 1.4.2017	Additions	Deletions/ Disposals/ Capitalized	As at 31.3.2018	Upto 01.4.2017	For the year		Withdrawn on account of disposal	Upto 31.3.2018	As on 31.3.2018	As on 31.3.2017
						On Cost	On revalued amount				
Tangible Assets											
Land	1,928.51	-	-	1,928.51	-	-	-	-	-	1,928.51	1,928.51
Buildings	2,365.22	14.51	-	2,379.73	403.13	9.28	43.24	-	455.65	1,924.08	1,962.09
Plant and Machinery	141.14	8.68	0.35	149.47	69.93	6.21	-	0.13	76.01	73.46	71.21
Plant - Wind Mills	2,539.91	-	-	2,539.91	819.95	104.57	-	-	924.52	1,615.39	1,719.96
Furniture and Fixtures	349.11	37.93	-	387.04	141.92	23.23	-	-	165.15	221.89	207.19
Vehicles	89.67	56.23	5.22	140.68	55.20	11.65	-	4.05	62.80	77.88	34.47
Office Equipments	432.93	15.10	-	448.03	351.25	20.53	-	-	371.78	76.25	81.68
TOTAL A	7,846.49	132.45	5.57	7,973.37	1,841.38	175.47	43.24	4.18	2,055.91	5,917.46	6,005.11
Intangible Assets											
Computer Software	779.81	9.39	-	789.20	316.98	113.22	-	-	430.20	359.00	462.83
TOTAL B	779.81	9.39	-	789.20	316.98	113.22	-	-	430.20	359.00	462.83
Assets Under Development											
Capital Work-in-Progress	5.43	69.44	-	74.87	-	-	-	-	-	74.87	5.43
TOTAL C	5.43	69.44	-	74.87	-	-	-	-	-	74.87	5.43
Total (A + B + C)	8,631.73	211.28	5.57	8,837.44	2,158.36	288.69	43.24	4.18	2,486.11	6,351.33	6,473.37
Previous year figures	8,471.15	305.57	144.99	8,631.73	1,836.65	278.47	43.24	-	2,158.36	6,473.37	

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 the company's name.

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at	As at
			31st March 2018	31st March 2017

11. NON-CURRENT INVESTMENTS (At Cost)

Other than Trade:Investments in Equity Instruments

Quoted - Associates

Sakthi Sugars Ltd	5,52,833	10	226.10	226.10
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Quoted - Others

Chokani International Ltd	100	10	0.02	0.02
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Stiles India Ltd	100	10	0.02	0.02
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			226.14	226.14
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Unquoted - Associates

ABT Industries Limited	1,50,000	10	15.00	15.00
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ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
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Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
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Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
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Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
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Unquoted - Others

ABT Co-operative Stores Ltd	500	10	0.05	0.05
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			38.41	38.41
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**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2018	As at 31st March 2017
NON-CURRENT INVESTMENTS (Contd..)				
Investment in Government Securities – Quoted				
Bonds of Central and State Governments #	23,14,000	100	2,301.89	2,340.35
Net Carrying amount of Investments			2,566.44	2,604.90
Aggregate Book value of Quoted Investments			2,528.03	2,566.49
Aggregate Market Value of Quoted Investments			2,385.17	2,516.79
Aggregate Book value of Unquoted Investments			38.41	38.41
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
Non-Current investments				
In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustee 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)			1,070.97	1,017.89
Total			1,070.97	1,017.89
13. CURRENT INVESTMENTS (At Cost and Fair Value)				
Investments in Government Securities				
Quoted				
Bonds of Central and State Governments#			136.31	-
Total			136.31	-
Aggregate Book Value of Quoted Investments			136.31	-
Aggregate Market Value of Quoted Investments			136.31	-
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
Current investments				
In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016, the Company has created a floating charge on the statutory liquid assets comprising (both Current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustee representing the fixed deposit holders of the company.				
14. STOCK ON HIRE				
Net receivable under Hire Purchase Finance			90,161.19	90,366.43
Total			90,161.19	90,366.43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase receivables (Stock on hire) for the contracts executed as on 31st March 2018 are given below:

Particulars	As at 31.03.2018		As at 31.03.2017	
	Gross	Net	Gross	Net
Less than one year	58,021.27	45,054.24	57,858.14	43,837.38
Later than one year and not later than 5 years	52,661.74	45,106.95	54,056.06	46,529.05
Total	110,683.01	90,161.19	111,914.20	90,366.43

15. TRADE RECEIVABLES

(Secured, considered good unless stated otherwise)

Dues from sale of Wind Power:

- Receivables outstanding for a period exceeding six months	66.63	110.14
- Receivables outstanding for a period below six months	57.02	25.98
Other receivables	-	-
Total	123.65	136.12

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

Cash on hand	839.68	845.18
Balance with Banks:		
- Cheques, drafts on hand	2,070.60	1,652.03
- Current Accounts	854.42	617.89

b. Other Bank Balances

In Margin Money Deposits:

- Deposits with original maturity of more than 12 months	1,272.47	403.26
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In Earmarked Accounts:

- Unpaid Dividend Accounts	165.71	48.06
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Total

5,202.88	3,566.42
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17. SHORT-TERM LOANS AND ADVANCES

Other loans and advances (Secured, considered good)

0.52	27.38
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Unsecured, considered good unless stated otherwise:

- Prepaid Expenses	136.73	101.59
- Advance Tax and TDS (net of Provision)	-	42.39
- Service Tax Credit Receivable	100.51	32.92
- Loans and Advances to Employees	390.79	318.73
Other Loans and Advances (Unsecured, considered good)	2,950.39	2,985.87

Total

3,578.94	3,508.88
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Due from officers of the company

18.33	5.56
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18. OTHER CURRENT ASSETS

Repossessed Assets (HP Assets)	103.50	188.75
Interest accrued on Government Securities	44.66	42.22
Others	10.31	8.48
Total	158.47	239.45

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NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
19. INCOME FROM OPERATIONS		
Income from Hire purchase operations	15,708.40	15,796.44
Interest from:		
- Loans and Other receipts	528.24	358.38
- Banks deposits	67.91	50.21
- Long Term Investments	199.76	179.33
- Current Investments	-	8.88
Bad debts recovery	93.55	387.96
Total	16,597.86	16,781.20
20. OTHER INCOME		
Income from Wind mill -Sale of Electricity	210.60	230.40
Other non-operating income (net of expenses directly attributable to such income):		
- Rental income	47.05	43.01
- Miscellaneous income	0.46	0.79
Total	258.11	274.20
21. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	2,173.73	1,912.27
Contributions to Provident and Other Funds	90.89	74.67
Staff Welfare Expenses	108.44	97.92
Total	2,373.06	2,084.86
22. FINANCE COSTS		
Interest Expense on:		
- Debentures	3,487.21	3,575.62
- Term Loans from Financial Institutions/Other Lenders	1,030.62	1,171.15
- Cash Credit from Banks	1,500.97	1,631.76
- Deposits	1,457.46	1,551.43
- Subordinated Debts	2,304.36	2,173.97
Bank Charges	162.69	152.38
Other Financial Charges	49.97	90.25
Total	9,993.28	10,346.56
23. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation	218.70	207.28
Add: Amortization Expenses	113.22	114.43
Total	331.92	321.71
24. OTHER EXPENSES		
Rent	119.36	111.97
Rates, Taxes and Licences	84.58	134.77
Communication	90.62	106.04
Insurance	14.78	14.66
Travelling and Conveyance	432.45	426.24
Printing and Stationery	54.95	60.53
Power and Fuel	35.58	35.65
Advertisements	30.91	46.07

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Auditors Remuneration:		
As Auditor:		
- Audit Fee	12.00	10.00
- Tax Audit Fee	-	3.00
- Limited Review Fee	5.20	3.55
In Other Capacity		
- Certification Fee	0.95	4.39
- Reimbursement of Expenses	0.60	9.05
Legal and Professional Charges	262.54	212.93
Repairs and Maintenance on:		
- Buildings	83.07	78.76
- Machinery	123.64	143.69
- Other Assets	43.36	46.30
Filing Fees	8.89	26.39
Directors' Sitting Fees	11.00	13.40
Diminution in value of Investments	93.16	19.35
Expenses on Corporate Social Responsibility	79.68	10.21
Miscellaneous Expenses	64.99	61.24
Loss on Sale/Redemption of SLR Investments	-	0.99
Loss on Sale of Assets	0.36	-
Debenture Issue Expenses	-	(75.86)
Total	1,652.67	1,503.32
25 PROVISIONS AND WRITE-OFF		
Provision against Non-Performing Assets (net)	309.21	173.07
Bad Debts-Trade and other receivables written off	297.84	482.44
Total	607.05	655.51
26. CONTINGENT LIABILITIES		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29
The company has deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat credit under Protest. The company's writ petition before the Honourable High Court of Madras against the levy has been admitted and stay has been granted.		
27. 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.		
28. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:		
- Capital Work-in-Progress	42.34	-
- Travelling	8.64	28.23
29. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
Year to which the dividend relates	2016-17	2015-16
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	44.50	44.50

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

30. DISCLOSURE REQUIREMENTS UNDER AS-15--"EMPLOYEE BENEFITS"

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2018 (Gratuity)	For the year ended 31st March 2017 (Gratuity)
I	Principal Actuarial Assumptions (Expressed as weighted averages)		
	Discount rate	8.00%	8.00%
	Salary Escalation rate	4.00%	4.00%
	Attrition rate	3.00%	3.00%
	Expected rate of return on Plan Assets	7.72%	7.72%
II	Changes in the present value of the obligation (PVO) - Reconciliation of Opening and Closing balances		
	PVO at the beginning of the period	197.08	155.87
	Interest cost	15.77	12.47
	Current service cost	16.02	12.68
	Past service cost - (non-vested benefits)	-	-
	Past service cost - (vested benefits)	-	-
	Benefits paid	(15.68)	(6.38)
	Actuarial loss/(gain) on obligation	24.86	22.44
	PVO as at the end of the period	238.05	197.08
III	Changes in the fair value of plan assets - Reconciliation of Opening and Closing balances		
	Fair value of plan Assets at the beginning of the period	174.68	156.28
	Expected return on plan assets	14.21	13.49
	Contributions	14.91	11.29
	Benefits paid	(15.68)	(6.38)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	188.12	174.68
IV	Actual Return on Plan Assets		
	Expected return on plan assets	14.21	13.49
	Actuarial gain/(loss) on plan assets	-	-
	Actual return on plan assets	14.21	13.49
V	Actuarial Gain/Loss recognized		
	Actuarial gain/(loss) for the period- Obligation	(24.86)	(22.44)
	Actuarial gain/(loss) for the period- Plan Assets	-	-
	Total (gain)/loss for the period	24.86	22.44
	Actuarial (gain)/loss recognized in the period	24.86	22.44
	Unrecognised actuarial (gain)/Loss at the end of the year	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2018 (Gratuity)	For the year ended 31st March 2017 (Gratuity)
VI	Amounts recognized in the Balance Sheet and related analyses		
	Present value of the obligation	238.05	197.08
	Fair value of Plan Assets	188.12	174.68
	Difference	49.93	22.40
	Unrecognised transitional liability	-	-
	Unrecognised past service cost-non vested benefits	-	-
	Liability recognized in the Balance Sheet	49.93	22.40
VII	Expenses recognized in the statement of Profit and Loss		
	Current service cost	16.02	12.68
	Interest cost	15.77	12.47
	Expected return on plan assets	(14.21)	(13.49)
	Actuarial (gain)/loss recognized in the year	24.86	22.44
	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	42.44	34.10
VIII	Movements in the liability recognized in the Balance Sheet		
	Opening net liability	22.40	(0.41)
	Expenses as above	42.44	34.10
	Contributions paid	(14.91)	(11.29)
	Closing net liability	49.93	22.40
IX	Major categories of Plan Assets		
	Fund manager by insurer	100%	100%
X	Enterprise's best estimate of contribution during next year	49.93	22.40

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Amount for the current period					
Present value of obligations	238.05	197.08	155.87	150.04	150.37
Plan Assets	188.12	174.68	156.28	164.04	163.61
Surplus/(Deficit)	(49.93)	(22.40)	0.41	14.00	13.24
Experience adjustments on plan liabilities - (loss)/gain	-	-	-	-	-
Actuarial (loss)/gain on obligation	(24.86)	(22.44)	(2.21)	11.21	(9.49)
Experience adjustments on plan assets - (loss)/gain	-	-	-	-	-

31. SEGMENT REPORTING

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

32. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2018

Relationships

A	Enterprises in which the key management personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Properties (Coimbatore) 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 Dr S Veluswamy Chief Executive Officer Sri M K Vijayaraghavan Chief Financial Officer Sri S Venkatesh Company Secretary
C	Relatives of Key Management Personnel	Dr M Manickam, Brother Sri M Srinivaasan, Brother Smt Vinodhini Balasubramaniam, Wife Selvi Shruthi Balasubramaniam, Daughter

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 2018	For the year ended 31st March 2017
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	4.71	-	-	4.71	4.40
	ABT Industries Ltd.	20.28	-	-	20.28	18.90
	Interest Income					
	ABT Industries Ltd.	11.53	-	-	11.53	2.03
2	Expenses					
	Purchase of fuel					
	N.Mahalingam & Co	19.17	-	-	19.17	18.73
	Rent paid					
	M.Balasubramaniam	-	2.40	-	2.40	2.40
	M.Srinivaasan	-	-	0.60	0.60	0.60
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	49.00	-	-	49.00	90.15

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ 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 2018	For the year ended 31st March 2017
	Printing Charges					
	Nachimuthu Industrial Association	18.70	-	-	18.70	19.68
	Sakthi Sugars Ltd. (Om Sakthi)	2.61	-	-	2.61	2.48
	CSR Expenses					
	Ramanandha Adigalar Foundation	48.83	-	-	48.83	-
	Deputation Charges					
	Sakthifinance Financial Services Ltd.	7.94	-	-	7.94	28.26
	Remuneration					
	M.Balasubramaniam	-	49.94	-	49.94	43.80
	S.Veluswamy	-	25.80	-	25.80	17.96
	M.K.Vijayaraghavan	-	33.90	-	33.90	26.53
	S.Venkatesh	-	16.06	-	16.06	10.74
	B.Shruti	-	-	11.64	11.64	12.81
	Commission*					
	M.Balasubramaniam	-	66.94	-	66.94	74.17
	Sitting Fees					
	M.Manickam	-	-	1.40	1.40	1.00
	M.Srinivaasan	-	-	0.80	0.80	1.80
3	Assets:					
	Lease Rental Advance:					
	Sakthi Properties (Coimbatore) Ltd	-	-	-	-	850.00
4	Liabilities:					
	Subscription in NCDs					
	(Debentures including interest accrued but not due)					
	Sri Chamundeswari Sugars Ltd	221.94	-	-	221.94	200.00
	Liabilities for Expenses Payable:					
	Sakthi Sugars Ltd.	0.10	-	-	0.10	-
	N. Mahalingam & Co.	0.19	-	-	0.19	0.29
	Nachimuthu Industrial Association	-	-	-	-	0.45
	M. Srinivaasan	-	-	-	-	0.65

* subject to the approval of share holders at the ensuing Annual General Meeting

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 **₹ 116.96 Lakhs** (₹ 109.16 Lakhs).

34. EARNINGS PER SHARE

(₹ Lakhs)

Particulars		For the year ended 31st March 2018	For the year ended 31st March 2017
Profit after tax (A)		1,192.63	1,675.56
Less: Preference dividend		133.12	126.38
Profit after Preference dividend		1,059.51	1,549.18
Weighted average number of equity shares (B)		5,00,00,000	5,00,00,000
The nominal value per equity share (₹)		10.00	10.00
Earnings per share – Basic (₹) (A/B)		2.12	3.10
– Diluted (₹) (A/B)		2.12	3.10

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

**35. MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT
TAKING COMPANY AND DEPOSIT - TAKING COMPANY (RESERVE BANK) DIRECTIONS 2016** (₹ Lakhs)

Sl No	Particulars	Amount Outstanding	Amount overdue
	LIABILITIES SIDE		
(1)	Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures: – Secured	28,667.69	–
	– Unsecured (Other than falling within the meaning of Public deposit)	2,500.93	–
	(b) Deferred Credits	–	–
	(c) Term Loans	8,938.69	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	17,432.42	318.93[#]
	(g) Subordinated Debts	20,791.07	–
	(h) Other Loans - Cash Credit	10,632.73	–
(2)	Break-up of (1)(f) and (g) above (outstanding public deposits inclusive of interest accrued thereon but not paid)		
	(a) In the form of unsecured debentures	–	–
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c) Other Public deposits	17,432.42	318.93[#]
	(d) Subordinated Debts	20,791.07	–
	[#] represents unclaimed deposits		
(3)	ASSETS SIDE		
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)		Amount Outstanding
	(a) Secured		484.16
	(b) Unsecured		987.45
(4)	Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities		
	(i) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		–
	(b) Operational Lease		–
	(ii) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		90,161.19
	(b) Repossessed Assets		103.50
	(iii) Other Loans counting towards AFC Activities		
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	Break-up of Investments		Amount Outstanding
	Current Investments:		
	(1) Quoted		
	(i) Shares: (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of Mutual Funds		–
	(iv) Government Securities		136.31
	(v) Others		–

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

36. MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT - TAKING COMPANY (RESERVE BANK) DIRECTIONS 2016 (₹ Lakhs)

Sl No	Particulars	31.03.2018	31.03.2017							
1	Capital to Risk (Weighted) Assets Ratio									
	i) CRAR(%)	17.22	19.73							
	ii) CRAR - Tier I Capital (%)	13.20	12.60							
	iii) CRAR - Tier II Capital (%)	4.02	7.13							
	iv) Amount of subordinated debt considered as Tier-II capital	1,818.48	5,134.13							
	v) Amount raised by issue of Perpetual Debt Instruments	-	-							
2	Investments									
	i) Value of Investments									
	Gross Value of Investments									
	a) In India	2,702.75	2,604.90							
	b) Outside India	-	-							
	ii) Provisions for diminution in value of investments									
	a) In India	136.90	43.74							
	b) Outside India	-	-							
	iii) Net Value of Investments									
	a) In India	2,565.85	2,561.16							
	b) Outside India	-	-							
	Movement of provisions held towards diminution in value of investments									
	(i) Opening balance	43.74	24.39							
	(ii) Add : Provisions made during the year	93.16	19.35							
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-							
	(iv) Closing balance	136.90	43.74							
3	Derivatives									
	(i) Forward Rate Agreement/Interest Rate Swap	Nil	Nil							
	(ii) Exchange Traded Interest Rate (IR) Derivatives	Nil	Nil							
	(iii) Disclosures on Risk Exposure in Derivatives Qualitative Disclosure: The Company has no derivatives transactions	Nil	Nil							
4	Disclosures relating to Securitisation									
	(i) SPV and Minimum Retention Requirements	Nil	Nil							
	(ii) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction	Nil	Nil							
	(iii) Details of Assignment transactions undertaken by NBFCs	Nil	Nil							
	(iv) Details of non-performing financial assets purchased/sold:									
	a) Details of non-performing financial assets purchased	Nil	Nil							
	b) Details of Non-performing financial assets sold	Nil	Nil							
5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.3.2018									
Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Mths & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	449.28	640.02	634.76	3,172.08	2,337.41	9,063.18	-	-	16,296.73
(ii)	Advances	3,424.72	5,123.63	4,128.43	11,322.31	21,298.81	41,499.32	3,119.66	-	89,916.88
(iii)	Investments	-	-	-	-	136.31	147.45	522.82	1,759.27	2,565.85
(iv)	Borrowings	1,055.32	4,249.39	535.80	2,433.46	19,793.65	27,088.88	9,506.45	-	64,662.95
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31.3.2017										
Sl No	Particulars	Upto 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Mths & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
(i)	Deposits	1,050.06	801.73	855.99	3,497.48	1,150.88	7,602.92	-	-	14,959.06
(ii)	Advances	3,983.26	4,319.91	4,236.27	12,382.80	21,019.33	42,363.36	2,880.43	-	91,185.36
(iii)	Investments	-	-	-	-	-	283.76	204.44	2,072.96	2,561.16
(iv)	Borrowings	809.22	517.21	551.47	1,688.53	3,694.21	50,764.05	7,006.45	2,500.00	67,531.14
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
Sl No	Particulars	31.03.2018						31.03.2017		
6	Exposure									
	i) Exposure to Real Estate Sector	Nil						Nil		
	ii) Exposure to Capital Market:	Nil						Nil		
	a Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	226.14						226.14		
	b Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-						-		
	c Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-						-		
	d Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-						-		
	e Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-						-		
	f Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-						-		
	g Bridge loans to companies against expected equity flows/issues	-						-		
	h All exposures to Venture Capital Funds (both registered and unregistered)	-						-		
	Total Exposure to Capital Market	226.14						226.14		
	iii) Details of financing of parent company products	Nil						Nil		
	iv) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC	Nil						Nil		
	v) Unsecured Advances	987.45						1,515.00		
7	Miscellaneous									
	i) Registration obtained from other financial sector regulators	NA						NA		
	ii) Disclosure of penalties imposed by RBI and other regulators	-						-		
	iii) Related Party Transactions - Refer Note No. 32									
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year									

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

SI No	Particulars	31.03.2018	31.03.2017															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">SI No</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(i)</td> <td>Deposits</td> <td style="text-align: center;">MA-</td> </tr> <tr> <td style="text-align: center;">(ii)</td> <td>Debentures</td> <td style="text-align: center;">BBB</td> </tr> <tr> <td style="text-align: center;">(iii)</td> <td>Long-Term Borrowings</td> <td style="text-align: center;">BBB</td> </tr> <tr> <td style="text-align: center;">(iv)</td> <td>Short-Term Borrowings</td> <td style="text-align: center;">A2</td> </tr> </tbody> </table>	SI No	Particulars	ICRA Ltd	(i)	Deposits	MA-	(ii)	Debentures	BBB	(iii)	Long-Term Borrowings	BBB	(iv)	Short-Term Borrowings	A2		
SI No	Particulars	ICRA Ltd																
(i)	Deposits	MA-																
(ii)	Debentures	BBB																
(iii)	Long-Term Borrowings	BBB																
(iv)	Short-Term Borrowings	A2																
	Migration of ratings during the year : NIL																	
	v) Remuneration of Directors Ref. Page No. 33 of Corporate Governance Report 2018																	
	vi) Management Ref. Management and Discussion and Analysis Report on Page No. 8																	
	vii) Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	75.86															
8	Other Disclosures																	
	i) Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss																	
	a Provisions for diminution in value of Investment	93.16	19.35															
	b Provision towards NPA	309.21	173.07															
	c Provision for Standard Assets	44.04	31.90															
	d Provision made towards Income tax	661.32	435.98															
	e Other Provision and Contingencies (with details)	-	-															
	ii) Draw-down from Reserves	1000.00	Nil															
	iii) Concentration of Deposits, Advances, Exposures and NPAs																	
	a Concentration of Deposits:																	
	Total Deposits of twenty largest depositors	272.99	214.82															
	Percentage of Deposits of twenty largest depositors to Total Deposits	1.68%	1.44%															
	b Concentration of Advances:																	
	Total Advances to twenty largest borrowers	1,750.34	1,525.03															
	Percentage of Advances to twenty largest borrowers to Total Advances	1.94%	1.68%															
	c Concentration of Exposures:																	
	Total Exposure to twenty largest borrowers/customers	1,619.42	1,324.64															
	Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	1.79%	1.46%															
	d Concentration of NPAs:																	
	Total Exposure to top four NPA accounts	77.05	51.68															

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

(₹ Lakhs)

SI No	Particulars	31.03.2018	31.03.2017
	e Sector-wise NPAs		
	SI No Sector	% NPAs to Total Advances in that sector	
	i) Agriculture and allied activities	-	-
	ii) MSME-Engineering	0.48%	1.58%
	iii) Corporate borrowers-Textiles	-	-
	iv) Services-Others	4.19%	2.25%
	v) Unsecured personal loans	-	-
	vi) Auto loans-Transport	5.24%	4.44%
	vii) Other personal loans	-	-
	f Movement of NPAs		
	i) Net NPAs to Net Advances (%)	3.32	3.00
	ii) Movement of Gross NPAs		
	Opening balance	3,952.44	1,678.99
	Additions during the year	3,846.25	3,746.96
	Reductions during the year	3,109.67	1,473.51
	Closing balance	4,689.02	3,952.44
	iii) Movement of Net NPAs		
	Opening balance	2,737.69	821.17
	Additions during the year	2,439.15	2,642.77
	Reductions during the year	2,183.59	726.25
	Closing balance	2,993.25	2,737.69
	iv) Movement of provisions for NPAs: (excluding provisions on standard assets)		
	Opening balance	1,214.75	857.82
	Provisions made during the year	1,407.09	1,104.19
	Write-off / write-back of excess provisions	926.08	747.26
	Closing balance	1,695.76	1,214.75
	v) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
	vi) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
	a No. of complaints pending at the beginning of the year	Nil	Nil
	b No. of complaints received during the year	1	7
	c No. of complaints redressed during the year	1	7
	d No. of complaints pending at the end of the year	Nil	Nil

ANNUAL REPORT 2018

37. Note on Expenditure on Corporate Social Responsibility

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2018:

I. Gross amount required to be spent by the company during the year: ₹45.21 Lakhs

II. Amount spent during the year on:(by way of contribution to the trusts and the projects undertaken)
(₹ Lakhs)

Particulars	Amount Spent
a. Construction / acquisition of any asset	-
b. On purposes other than (a) above:	
Promoting Education	72.68
Promoting Healthcare	-
Promoting Healthcare including preventive health care and others	2.70
Swachh Bharath Project	-
Promoting Sports	4.30
Others	-
Total	79.68

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

As per our report attached

For P.K. Nagarajan & Co
Chartered Accountants
Firm Regn. No.:016676S

P.K.NAGARAJAN
Partner
Membership No.025679

Coimbatore
30th May 2018

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director

M. MANICKAM
Chairman

S. VENKATESH
Company Secretary

M.K. VIJAYARAGHAVAN
Chief Financial Officer

SAKTHI FINANCE LIMITED
BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
TAMILNADU						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dharmapuri	636 701	No.117/11 Q, Ist Floor, Nethaji Bye-pass Road			04342	270888
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	59/5, Durgam Road, Gopuram Towers, Second Floor			04151	223567
Kancheepuram	631 501	14/69, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E Second Floor, Dr. Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex, 41/A Annur Main Road			04254	224686
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road			04286	275125
Perambalur	621 212	140/2A3, 3B7A II Floor, Ruckmani Srinivasan Complex			04328	225570
Pollachi	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 004	215/4, Abiroopa Towers, Omalaur Main Road, Kuruvangu Chavadi			0427	2448840
Sivakasi	626 123	100/A4, Thiruthangal Road, Marutham Hotel Upstairs			04562	227226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti,			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum High Road			0462	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2741959
Tuticorin	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977
Vellore	632 004	80-62, Bangalore Road			0416	2224653
PUDUCHERRY	603 001	94, Kamaraj Salai			0413	2213786
KERALA						
Alapuzha	686 561	No. AMCW 20/115, 2nd Floor, Ambalapuzha			0477	2260111
Ernakulam	682 016	Door No: 61/3633-C, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, II Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB - 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 001	Arryattuparambil Building, Sastri Road	0495	2720414	0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation			0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.8/386 - D, 1st Floor, NH 49, Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303 (4), Kottaramattam			04822	210930
Palakkad	678 007	12/872, First Floor, KAV Central, Chandranagar			0491	2573232
Pathanamthitta	689 645	PMC IX /1128(1)10(E), First Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Thrissur	680 001	DAZE Towers, 2nd Floor, Marar Road			0487	2440294
Vadakara	673 101	No.25/125-A, Elite Building, 2nd Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2515632
KARNATAKA						
Bengaluru	560 001	No.206, Second Floor, Blue Cross Chamber, No. 11, Infantry Road Cross			080	25583365
Mangaluru	575 002	Door No.213, Second Floor, Mangalore Shalimar Gate, Byepass Road, Near Kankanady Bus Stand			0824	2434811
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, III Floor, E & S Reddy Complex Tilak Road Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59-14-5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	560 016	No.49-24-51, A, 6, First Floor Flat No. 101-A, Pavan Estate Shankaramadam Road	0891	2550060	0891	2550060
NEW DELHI						
	110 057	No.149, Vasant Enclave			011	26141165

FOR HOLDERS OF SHARES IN PHYSICAL FORM

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

NATIONAL ELECTRONIC FUND TRANSFER (NEFT) - MANDATE FORM

1. Shareholder's Name : _____

2. Folio Number : _____

3. Number of Shares : _____

4. Bank Name : _____

5. Branch Name, Address and Telephone No. : _____

6. Bank Account Number (10-Digit or more number only) : _____

7. Account type [Please tick ✓] :

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

9. 11-Digit IFS Code :

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10. Contact Number :

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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 and (ii) a blank cancelled cheque or photocopy of a cheque issued by your Bank for verification of the 9-digit code Number provided above)

FOR THE ATTENTION OF HOLDERS OF SHARES IN PHYSICAL FORM

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

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

CUT HERE

SAKTHI FINANCE LIMITED

E-MAIL ADDRESS REGISTRATION FORM

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

(For shareholders who hold shares in physical form)

SKDC Consultants Limited (Unit: Sakthi Finance Limited)

"Kanapathy Towers"

Third Floor, 1391/A-1, Sathy Road

Ganapathy

Coimbatore - 641 006

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

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

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

Place :

Date :

(Signature of Sole / First Shareholder)

Important Communication to Members

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

To support this green initiative of the Government:

- members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.
- members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form as appended above of this Annual Report to SKDC Consultants Limited, Registrars and Share Transfer Agents, "Kanapathy Towers", Third Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006.

If undelivered, please return to:

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