

# SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

SFL:AGM2016:145:2016-2017

24th September 2016

BSE Limited  
Floor 25, P J Towers  
Dalal Street, Fort  
Mumbai - 400 001

Fax No : 022 - 22723121 / 22723719 / 22722309  
Scrip Code : 511066  
Email : [corp.compliance@bseindia.com](mailto:corp.compliance@bseindia.com)

Kind Attn : Ms. Sapna Mathukhiya  
Asst. Manager, DCS

Madam,

**Intimation on the proceedings of the 59th Annual General Meeting held on 24th September 2016**

We are pleased to inform that the Company's Fifty Ninth Annual General Meeting (AGM) was held on today i.e. Saturday, the 24th September 2016 at 4.30 p.m. at Sri Padmavathi Ammal Cultural Centre, 1548, Avinashi Road, Peelamedu, Coimbatore - 641 004.

Dr. M. Manickam, Chairman of the Company, Chaired the meeting.

The requisite quorum being present, Chairman called the meeting to order. He introduced the other Directors, Chairmen of Audit Committee and Nomination and Remuneration Committee, who were seated on the dais.

He informed that the Statutory Auditors and Secretarial Auditors were also present at the meeting. He informed that the copies of the AGM Notice together with the Annual Report for the financial year ended 31st March 2016 had been sent to all shareholders and with the permission of the members took the notice as read.

He stated that the Statutory Auditors and Secretarial Auditor's in their respective Reports made observations on the non-maintenance of statutory liquid assets and delayed filing of returns with RBI. He stated the Board of Directors had given suitable clarification on the observations made by them.



Page | 1

**Sakthi Finance Limited**

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

CIN : L65910TZ1955PLC000145

Then the Chairman made his speech covering the Indian economy, Automobile Industry, working results of the company and the Company's prospects. After the conclusion of his speech, he explained to the members on the e-voting process. He informed that in terms of the provisions of the Companies Act 2013 and the rules made thereunder and Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company provided remote e-voting facility and for those members who had not exercised their vote through remote e-voting facility, facility to cast their vote through ballot was provided at the venue of the AGM.

All the following resolutions as set out in the Notice of the AGM 10th August 2016 were transacted at the meeting.

- a. Adoption of Audited financial statements of the Company for the financial year ended 31st March 2016, along with the reports of Board of Directors and Auditors
- b. Confirmation of Interim Dividend on Preference Shares
- c. Declaration of dividend on Equity Shares
- d. Re-appointment of Dr. M Manickam, as a Director liable to retire by rotation.
- e. Ratification of appointment of M/s P N Raghavendra Rao & Co, Chartered Accountants, Coimbatore (Firm Registration No 003328S) as Statutory Auditors of the Company from the conclusion of this meeting till the conclusion of the 60th Annual General Meeting of the Company on a remuneration as recommended by the Audit Committee.
- f. Alteration of Authorised Share Capital of the Company from ₹ 75 crore to ₹ 100 crore consisting of 7,00,00,000 equity shares of ₹ 10 each and 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each.
- g. Alteration of Capital Clause of Memorandum of Association for increasing the authorized share capital from ₹ 75 crore to ₹ 100 crore consisting of 7,00,00,000 equity shares of ₹ 10 each and 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each.
- h. Alteration of Article relating to Share Capital in the Articles of Association to be as per Memorandum of Association.
- i. Issue of Private Placement of Secured or Unsecured, Redeemable Non-Convertible Debentures and/or other debt securities for an amount not exceeding ₹ 750 crore, but within the overall borrowing powers of the Company.
- j. Issue of Redeemable Cumulative Preference Shares for an amount up to ₹ 30 crore.





# SAKTHI FINANCE

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The Chairman informed the members that Sri K. Murali Mohan FCA, Chartered Accountant, has been appointed as scrutinizer for conducting the remote e-voting and voting process at the AGM.

Chairman invited queries from members regarding the audited accounts and operations of the Company during 2015-16. One shareholder asked for an increased rate of dividend and further equity issue. Chairman gave a suitable reply to the shareholder and also thanked him.

Chairman further informed the shareholders that the voting results along with the consolidated scrutinizer's report would be placed on the website of the Company, [www.sakthifinance.com](http://www.sakthifinance.com) and would also be communicated to the BSE Limited within 48 hours of the conclusion of the meeting.

There being no other agenda, Chairman thanked the members present and declared the meeting as concluded at 5.10 p.m.

We also enclose a copy each of the Annual Report for the year ended 31st March 2016 and the speech delivered by the Chairman at the AGM.

We request to kindly take the above details and documents on record.

Yours faithfully  
For Sakthi Finance Limited

  
S. Venkatesh  
Company Secretary



Enc:(2)



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59<sup>th</sup> ANNUAL  
REPORT | 2016

# SAKTHI FINANCE

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## **BOARD OF DIRECTORS**

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

## **CHIEF FINANCIAL OFFICER**

Sri. M.K. Vijayaraghavan

## **COMPANY SECRETARY**

Sri. S. Venkatesh

## **REGISTERED OFFICE**

### **SAKTHI FINANCE LIMITED**

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

## **REGISTRARS AND SHARE TRANSFER AGENTS**

### **SKDC CONSULTANTS LIMITED**

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

## **DEBENTURE TRUSTEE**

Catalyst Trusteeship Limited  
(formerly GDA 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  
Central Bank of India  
The Lakshmi Vilas Bank Ltd  
State Bank of Travancore  
Bank of India  
Indian Overseas Bank  
The Karnataka Bank Ltd  
Canara Bank

## **FINANCIAL INSTITUTION**

The Tamilnadu Industrial Investment  
Corporation Limited

## **AUDITORS**

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

## **INTERNAL AUDITOR**

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

<b>CONTENTS</b>	<b>PAGE</b>
Board's Report	2
Corporate Governance Report	29
Independent Auditors' Report	45
Balance Sheet	50
Statement of Profit and Loss	51
Notes forming an integral part of the Financial Statements }	53

## BOARD'S REPORT

To the Members

Your Directors are pleased to present their 59th Annual Report together with the audited accounts of the company for the financial year ended 31st March 2016.

### FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2015-16	2014-15
<b>Profit before tax</b>	<b>2039.93</b>	2128.96
Less: Provision for Taxation:		
- Current Tax	<b>863.07</b>	806.18
- Deferred tax	<b>(75.71)</b>	(259.09)
- Net Provision for tax (earlier years)	<b>-</b>	(2.77)
<b>Profit after tax</b>	<b>1252.57</b>	1584.64
Surplus brought forward from previous year	<b>2112.13</b>	1567.14
Transfer from Revaluation Reserve	<b>46.06</b>	-
<b>Amount available for appropriation</b>	<b>3410.76</b>	3151.78
<b>Appropriations</b>		
Transfer to Statutory Reserve	<b>250.51</b>	316.93
Dividend on Preference Shares	<b>104.34</b>	100.76
Tax on Preference Dividend	<b>21.24</b>	20.15
Proposed Dividend on Equity Shares	<b>500.00</b>	500.00
Tax on Equity Dividend	<b>101.79</b>	101.81
Transfer to Debenture Redemption Reserve	<b>960.00</b>	-
<b>Balance carried over to Balance Sheet</b>	<b>1472.88</b>	2112.13
<b>Total</b>	<b>3410.76</b>	3151.78

### BUSINESS

For the year under review, the company disbursed ₹ 52562 lakh in hire purchase operations as against ₹ 50266 lakh during the previous financial year. The collection efficiency has been good. Your directors hope to achieve better business disbursements and profitability in the years to come.

### CHANGE IN NATURE OF BUSINESS, IF ANY

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

### DIVIDEND

#### Preference Shares

The Board of Directors have, at their meeting held on 12th March 2016, declared an interim dividend of ₹10 per share on 10% Redeemable Cumulative Preference Shares of ₹100 each for the financial year ending 31st March 2016 amounting to ₹125.58 lakh including dividend distribution tax amount of ₹21.24 lakh on *pro rata* basis.

#### 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 2016 amounting to ₹601.79 lakh including dividend distribution tax amount of ₹101.79 lakh.

### TRANSFER TO RESERVES

There is no amount proposed to be transferred to general reserve.

### ISSUE OF PREFERENCE SHARES (NEW)

During the current year, 3,02,450 10% Redeemable Cumulative Preference Shares of ₹100 each have been issued on private placement basis aggregating to ₹302.45 lakh. Further, 3,09,700 10% Redeemable

## ANNUAL REPORT 2016

Cumulative Preference Shares of ₹100 each which were issued on private placement basis during the year 2012 aggregating to ₹309.70 lakh has been redeemed out of the proceeds of the fresh issue of preference shares.

As at 31st March 2016, the company has a paid-up preference share capital of ₹1050.00 lakh comprising of 10,50,000 10% Redeemable Cumulative Preference Shares of ₹100 each.

### DEPOSITS

The total deposits with the company as at 31st March 2016 stood at ₹16,242.60 lakh as against ₹16,513 lakh as at the end of the previous year.

As at the end of the financial year, 1,088 public deposits aggregating to ₹709.91 lakh were due for repayment but remained unclaimed. The Company has been reminding the depositors regularly about the maturity and out of the said deposits, 252 deposits amounting to ₹190.83 lakh have since been claimed and repaid / renewed as per their instructions.

### PUBLIC ISSUE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES FOR ₹200 CRORE

The Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹1,000 each up to ₹100 crore, with an option to retain over subscription up to ₹100 crore, aggregating to ₹200 crore. The NCD issue opened on 7th April 2016 and closed on 6th May 2016. The Company received a subscription of ₹164.87 crore. The Company made allotment of 16,48,708 NCDs to the applicants on 18th May 2016. The NCDs have been listed and admitted for trading with BSE Limited with effect from 23rd May 2016.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### 1. Retiring by rotation

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

#### 2. Changes in Key Managerial Personnel

Dr.S.Veluswamy, resigned from the post of Chief Financial Officer (CFO) with effect from 14th November 2015 and continues as Senior President (Operations). The Board has also appointed him as a Key Managerial Personnel.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Sri. M.K. Vijayaraghavan, Senior President (Finance and Corporate Services) as Chief Financial Officer (CFO) of the Company with effect from 14th November 2015.

In terms of Section 203 of the Companies Act 2013, Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri M K Vijayaraghavan, Chief Financial Officer, Dr S Veluswamy, Senior President (Operations) and Sri S Venkatesh, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

### AUDIT COMMITTEE

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

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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a report on Management Discussion and Analysis Report forms part of this report.

### CORPORATE GOVERNANCE REPORT

As required under Regulation 34(3) and Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a report on Corporate Governance and a certificate from the auditors

of the company regarding compliance of the conditions of Corporate Governance as stipulated under the listing regulations forms part of the Annual Report.

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

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

During the financial year 2015-16, the company has not received any complaint on sexual harassment.

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

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

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

#### **BOARD EVALUATION**

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

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



## ANNUAL REPORT 2016

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

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

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

Performance evaluation of Directors:

- Attendance at Board / Committee Meetings

- Contribution at Board / Committee Meetings

- Guidance to management outside of Board / Committee meetings

Performance evaluation of Board and Committees:

- Degree of fulfilment of key responsibilities

- Board structure and composition

- Establishment of Committee's responsibilities

- Effectiveness of Board processes and information

- Efficacy of communication with external stakeholders

### AUDITORS

#### 1. Statutory Auditors

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

#### 2. Secretarial Auditors

The Company appointed M/s. S Krishnamurthy & Co, Practicing Company Secretaries, Chennai to carry out Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year 31st March 2016 is enclosed as **Annexure- III**.

The clarification to the observations made by the Statutory Auditors and Secretarial Auditor is given below:

The Company had gone in for change of accounting software from the earlier software developed in-house, to newly bought-out software. Due to the migration to the new software, the checks and balances with regard to verification of validity of accounting figures generated from the new software is taking additional time. Because of this, there has been delay in compilation of the various returns like NBS-1, NBS-2, NBS-3, NBS-6 and ALM being submitted to RBI periodically. The company is now taking efforts to streamline the operational procedure and data compiling operations under the new software during the current year and expects to submit the above returns within the time limit prescribed by RBI in future.

The shortfall in maintenance of liquid assets in government securities is reported by reckoning the investment at acquisition cost instead of market price as prescribed by RBI. The correct position in this regard was brought to the notice of RBI and they have accepted the company's contention. However, RBI has advised the company to incorporate the figures with respect to market price in future.

The Board has appointed M/s. S Krishnamurthy & Co, Practicing Company Secretaries, Chennai as the Secretarial Auditors for the financial year 2016-17. Necessary consent has been received from them to act as Secretarial Auditors.

**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.

**MATERIAL CHANGES AND COMMITMENTS**

There are no material changes and commitments which occurred during the period under review affecting the Company's Financial position.

**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 : ₹ 48.96 lakh

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

**ACKNOWLEDGEMENT**

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

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

For and on behalf of the Board

10th August 2016  
Coimbatore

**M Manickam**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDIAN ECONOMY

India's Gross Domestic Product (GDP) grew at 7.9 per cent in the fourth quarter of 2015-2016, contributing for an overall growth of 7.6 per cent for the entire financial year and maintained its position as the fastest - growing major economy, according to the Central Statistical Office (CSO). Growth in agriculture and industry increased by 1.1 per cent as compared to a decline of 0.2 per cent in the previous year. Services sector grew by 9.2 per cent as compared to 10.30 per cent in the previous year. Index for Industrial Production (IIP) increased by 2.4 per cent as compared to 2.8 per cent during the financial year 2015. The main factor influencing IIP growth in the financial year 2016 include a 2.2 per cent increase in mining sector compared to 1.4 per cent in previous year. The manufacturing sector increased by 2 per cent as compared to 2.3 per cent in 2015 and electricity services increased by 5.6 per cent as against 8 per cent in financial year 2015. The consumer durables grew by 12.4 per cent as compared to negative growth of 12.5 per cent in the financial year 2015.

### OPPORTUNITIES

The overall sale of commercial vehicles registered a growth of 11.51 per cent during the financial year as against a decline of 8.40 per cent in the previous year. The Medium and Heavy Commercial (M&HCV) registered a growth of 29.91 per cent, while Light Commercial Vehicle (LCV) grew marginally by 0.30 per cent. The Society of Indian Automobile Manufacturers (SIAM) expects the growth at 6 to 8 per cent for the current year in view of the better outlook for the economy, good monsoon and implementation of seventh pay commission recommendations.

The total estimated market potential of commercial vehicles is put at Rs 2160 billions. Our company is mainly engaged in financing of pre-owned commercial vehicles. The pre-owned commercial vehicles are only affordable for small and aspiring owner cum driver to become small road transport operators. With expected good monsoon, the movement of agricultural commodities will substantially increase on account of rise in agricultural output which in turn will increase the fortunes of road transport industry to which our company is directly linked.

### THREATS

Regulatory changes in the NBFC and ancillary sectors as well as tighter NPA norms continue to pose a threat to the company's business opportunities.

### BUSINESS OUTLOOK

Good agricultural output and improved purchasing power pursuant to rise in earnings through pay revisions will tend to propel the economic activity by which the road transport sector is expected to benefit substantially.

### PERFORMANCE AND FINANCIAL REVIEW

During the financial year under review, the company's Hire Purchase financing disbursements was at ₹ 52562 lakh as against ₹ 50266 lakh in the corresponding previous financial year. As on 31st March 2016, the total deposits with the company stood at ₹ 16243 lakh.

The gross income for the financial year 2015-16 stood at ₹ 17207 lakh and the net profit after tax for the year was at ₹ 1253 lakh. The company provided towards depreciation and amortisation an amount of ₹ 285 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 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

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

**HUMAN RESOURCES DEVELOPMENT**

During 2015-16, our Company maintained a very harmonious and cordial relationship with its employees. As on 31st March 2016, there were 431 employees. Our Company's human resources policy is to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among its employees. Our Company has taken necessary steps to strengthen the organizational competency through training programmes at various levels and installing effective system.

For and on behalf of the Board

10th August 2016  
Coimbatore

**M Manickam**  
Chairman

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**Cautionary Statement**

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

### 1. EXTRACT OF ANNUAL RETURN

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

### 2. REMUNERATION POLICY

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

### 3. NUMBER OF MEETINGS OF THE BOARD

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.

### 4. INDEPENDENT DIRECTOR'S DECLARATION

Sri P S Gopalakrishnan, Dr A Selvakumar, Sri A Shanmugasundram, Smt Priya Bhansali and Sri K P Ramakrishnan who are Independent Directors, have submitted a declaration that each of them meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

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

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

### 6. INTER SE RELATIONSHIP BETWEEN DIRECTORS

Except Dr M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director who are related to each other, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2(77) of the Companies Act 2013 read with Listing Regulations 2015.

### 7. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

There has been no loans, guarantees or investments made under Section 186 of the Act during the financial year 2015-16.

### 8. 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.

### 9. INTERNAL CONTROL

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

### 10. RISK MANAGEMENT

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



### 11. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has put in place a process of conducting familiarization programme for independent directors. This is detailed in the Corporate Governance Report which forms part of the Annual Report.

### 12. VIGIL MECHANISM

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

### 13. PARTICULARS OF REMUNERATION

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

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

Name of the Director	Ratio to Median Remuneration
Sri M Balasubramaniam Vice Chairman and Managing Director	25.09

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

Name of the Personnel	% increase in remuneration
Sri M Balasubramaniam, Vice Chairman and Managing Director	33.38
Sri M K Vijayaraghavan, Chief Financial Officer (from 14th November 2015) *	NA
Dr S Veluswamy, Senior President (Operations)*	NA
Sri S Venkatesh, Company Secretary	2.85

\* only for part of the year.

- (c) the percentage increase in the median remuneration of employees in the financial year  
2.42%

- (d) the number of permanent employees on the rolls of the company  
431

- (e) 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 in 2015-16 was 2.42%. Percentage increase in the managerial remuneration for the year was 2.85%.

- (f) 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.

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

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

**15. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) AND RULE 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sl No	Name of the Employee	Designation	Remuneration (₹ lakh)	Qualifications	Total Experience (Years)	Date of Commencement of employment	Age (in years)	Last employment held before joining the company
1	M. Balasubramaniam	Vice Chairman and Managing Director	61.53	M.Com, MBA (USA)	33	21/08/1985	58	Director ABT Industries Ltd
2	Vijayaraghavan M K*	Chief Financial Officer	18.91	B.Com, FCA	40	27/08/2015	66	Chief Financial Officer Sakthi Sugars Ltd
3	S Veluswamy	Senior President (Operations & Mgt Services)	18.98	M.Com, ACS, Ph.D	35	01/04/1994	57	Asst Company Secretary, Sakthi Sugars Ltd
4	K Natesan	Vice President (OSM & HR)	18.42	MA, LLB, MBA, Ph.D	33	03/04/1992	56	Asst Manager-Personnel, Tamilnadu Tele communication Ltd
5	K Guruprasad	Vice President (Management Services)	16.48	B.Com CAIIB	42	03/05/1996	65	Regional In-charge, State Bank of India
6	N Raveendran	Senior General Manager (EWS)	16.69	B.Com, MBA	36	11/06/2009	56	Senior Manager, Pricol Ltd
7	G Sundar	General Manager (Risk Management)	16.75	MA, MBA, Ph.D	32	20/01/1997	59	Manager, Union Bank of India
8	Radhakrishnan N	General Manager (Operations)	16.61	B.Sc, MBA	25	01/09/2004	48	Senior Manager, ABT Industries Ltd
9	Purushothaman M	Sr. Dy.General Manager (Strategic Mgt.)	15.75	MBA	26	02/06/2010	57	Head - Strategic Planning, BK Group, Kolkata
10	A Sagayaraj Joseph	Dy General Manager (O)	14.89	B.Com	29	01/12/2005	53	Regional Credit Manager-Cholamandalam Investment & Fin. Co. Ltd

Note : a) Remuneration includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund and taxable value of perquisites.  
b) None of the employees mentioned above is related to any director of the Company.  
c) During the financial year 2015-16, 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.  
d) The appointment of Managing Director is contractual in nature.

\* employed only for a part of the year.

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

10th August 2016  
Coimbatore

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16**
**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: <http://www.sakthifinance.com/investors/CSRPolicy>

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

Sri P S Gopalakrishnan, Director (Chairman)

Dr A Selvakumar, Director (Member)

Sri M Balasubramaniam, Vice Chairman and Managing Director (Member)

**3. Average net profits of the Company for the last three financial years: ₹ 2226.08 lakh**
**4. Prescribed CSR Expenditure (two percent of the amount as mentioned in item 3 above) : ₹ 44.52 lakh**
**5. Details of CSR spent during the financial year 2015-16 (₹ lakhs)**

Particulars	Amount
Total amount spent for the financial year	49.07
Amount unspent, if any	NA

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

Sl No	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: (1) Local area or other (2) Specify the State and district where Projects or programs were undertaken	Amount outlay (budget) project or program wise (₹/lakh)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads (₹ / lakh)	Cumulative Expenditure up to the reporting period (₹ / lakh)	Amount spent: direct or through implementing agency
1	Appropriate sponsorship to community /social / charitable institutions of repute engaged in activities in line with our CSR Policy	Promoting education, enhancing vocational skills	Local areas and others	–	30.00	30.00	Direct
2	Rural Development, Healthcare and Sanitation	Healthcare	Local areas and others	–	19.07	49.07	Direct
	<b>Total CSR spent</b>				<b>49.07</b>	<b>49.07</b>	

## ANNUAL REPORT 2016

- 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.

10th August 2016  
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 2016**

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

To

The Members

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 2015 to 31st March 2016 ("the year"/ "audit period"/"period under review"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March 2016 but before the issue of this report and the information/ explanations/ representations provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

**We hereby report that:**

- 1.1 In our opinion, during the audit period covering the financial year ended on 31st March 2016, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure - A.
- 1.2 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. Companies Act, 2013 (the Act) and the rules made thereunder.
  - ii. The Companies Act, 1956 and the rules made thereunder.
  - iii. Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
  - iv. Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
  - v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015);
    - c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable from 15th May 2015);
    - d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - f. 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; and
    - g. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable from 1st December 2015);
  - vi. The listing agreement entered into by the Company with BSE Limited.
  - vii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FEMA).



## ANNUAL REPORT 2016

viii. The following law specifically applicable to the Company:

- a. Chapter III B of the Reserve Bank of India Act, 1934 and the directions / guidelines issued thereunder by the Reserve Bank of India (RBI) to the extent applicable to a deposit taking non-banking finance company
- ix. Secretarial Standard (SS-1) on "Meetings of the Board of Directors" and Secretarial Standard (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India (applicable from 1st July 2015).

1.3 During the period under review, and also considering the compliance related action taken by the Company after 31st March 2016 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 and subject to our observation set-out in Annexure -B to this report, the Company has:

- i. Complied with the applicable provisions of the Act, Rules, SEBI Regulations, Listing Agreement and other specific law mentioned under paragraph 1.2 (viii) above; and
- ii. Generally complied with the applicable Secretarial Standards mentioned under paragraph 1.2 (ix) above.

1.4 We are informed that, during/ in respect of the year:

- i. The Company was not required to comply with the following laws/ guidelines/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
  - a. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - b. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - c. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.
- ii. There was no law, other than that specified in paragraph 1.2(viii) above, that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with any other specific law did not arise.

### **2. We further report that:**

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

- i. Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
- ii. Additional subjects/ information and supplementary notes.

Upto 30th June 2015 there was no statutory requirement to send the agenda and notes atleast seven days before the meeting. In respect of meetings held after 1st July 2015, consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. We are informed that there were no dissenting members views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

**3. We further report that:**

- 3.1. There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, subject to our observation set-out in Annexure-B to this report; and
- 3.2. During the audit period, the following events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:
- BSE Limited accorded trading approval for 1,00,00,000 Secured Redeemable Non-Convertible Debentures of ₹ 100 each.
  - Members have accorded their approval in the 58th Annual General Meeting of the Company by way of Special Resolution to offer, issue and allot, in one or more tranches, secured or unsecured Non-Convertible Debentures (NCDs), subordinated bonds and/or other debt securities on private placement basis during the period commencing from the fifty eighth annual general meeting until the conclusion of the fifty ninth annual general meeting for an amount not exceeding ₹ 500 Crore.
  - 3,09,700 numbers of 10% Redeemable Cumulative Preference Shares of ₹ 100 each (Existing RCPS) for an aggregate amount of ₹ 3,09,70,000 issued during the year 2012 were redeemed on various dates during the financial year.
  - The Company has filed a prospectus with the Registrar of Companies, Coimbatore and BSE Limited on 30th March 2016 and 31st March 2016 respectively for the public issue of Secured Redeemable Non-Convertible Debentures of face value of ₹ 1000 each upto ₹ 100 Crore with an option to retain over-subscription upto ₹ 100 Crore.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Membership No: A22289

Certificate of Practice No: 12052

9th August 2016  
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 2016 is to be read along with this letter.**

- 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.
- 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.
- We have, while forming an opinion on compliance and issuing this report, also considered the compliance related action taken by the Company after 31st March 2016 but before the issue of this report.
- We have considered compliance related actions taken by the Company based on independent legal/professional opinion obtained as being in compliance with law.
- 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.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

## ANNUAL REPORT 2016

7. We have obtained the Company 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 2016  
Coimbatore

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

#### Observations

The Company has belatedly filed/ not filed returns with the Reserve Bank of India as set out below:

- i. Quarterly returns giving details of assets and liabilities as required under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, in Form NBS-1, have been filed belatedly for all the four quarters.
- ii. Quarterly Statements of Capital Funds, Risk Assets, Asset Classification etc., as required under the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, in Form NBS-2 have been filed belatedly for the three quarters.
- iii. Monthly Returns on Capital Market Exposure in Form NBS-6 as required under the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, to be filed on or before 7th of succeeding month have been filed belatedly for the six months from April 2015 to September 2015. Monthly return for October 2015 was not filed. Reserve Bank of India has, vide their circular no. RBI/2014-15/246 DNBS (PD) CC.No. 03/03.02.02/2015-16 dated 26.11.2015, done away with the requirement to file this return after the date of this circular.
- iv. Asset Liability Management Return in Form ALM as required under Asset Liability Management (ALM) System for NBFCs-Guidelines, to be filed with RBI on half-yearly basis have been filed belatedly for both the half-years.
- v. Branch Information Return as required under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 are to be filed with RBI on quarterly basis. It was informed to us that this need not be filed separately as the same details are furnished in Form NBS-1 itself.

For S Krishnamurthy & Co.,  
Company Secretaries

R. Sivasubramanian  
Partner

Membership No: A22289

Certificate of Practice No: 12052

9th August 2016  
Coimbatore

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

as on the financial year ended on 31st March 2016  
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	Public 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) 6549995, 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	Financial for Commercial Vehicles and other loans	64920 - Other Credit Granting	97.65

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

The Company has no holding, subsidiary and associate company.

# ANNUAL REPORT 2016

## 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	Physi- cal	Total	% of Total Shares	Demat	Physi- cal	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./ 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 Promoter (A) = (A)(1)+(A)(2)	32107125	0	32107125	64.21	32107125	0	32107125	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	6967805	947877	7915682	15.83	6946515	947077	7893592	15.79	-0.04
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals:									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2361834	1597652	3959486	7.92	2268409	1559076	3827485	7.65	-0.27
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1105828	243150	1348978	2.70	1237997	243300	1481297	2.96	0.26
c) Others (specify)									
Directors and their relatives	8175	0	8175	0.02	8175	0	8175	0.02	0.00
Non-resident Indians	57780	1600	59380	0.12	78288	1600	79888	0.16	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	30969	0	30969	0.06	17025	0	17025	0.03	-0.03
HUF	118005	0	118005	0.24	133213	0	133213	0.27	0.03
<b>SUB TOTAL (B)(2)</b>	<b>10650396</b>	<b>7240279</b>	<b>17890675</b>	<b>35.79</b>	<b>10689622</b>	<b>7201053</b>	<b>17890675</b>	<b>35.79</b>	<b>0.00</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>10650396</b>	<b>7242479</b>	<b>17892875</b>	<b>35.79</b>	<b>10689622</b>	<b>7203253</b>	<b>17892875</b>	<b>35.79</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>42757521</b>	<b>7242479</b>	<b>50000000</b>	<b>100.00</b>	<b>42796747</b>	<b>7203253</b>	<b>50000000</b>	<b>100.00</b>	<b>0.00</b>

**(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 M Manickam	92813	0.19	0.00	92813	0.19	0.00	0.00
2	Sri M Balasubramaniam	192000	0.38	0.00	192000	0.38	0.00	0.00
3	Sri M Srinivaasan	251355	0.50	0.00	251355	0.50	0.00	0.00
4	Dr N Mahalingam	276023	0.55	0.00	276023	0.55	0.00	0.00
5	Smt.M.Mariammal	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 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	1.84	919926	1.84	1.84	0.00
10	Sakthifinance Financial Services Limited	8110000	16.22	6.78	8110000	16.22	6.78	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	1.75	3925000	7.85	1.75	0.00
17	ABT Values 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
<b>Total</b>		<b>32107125</b>	<b>64.21</b>	<b>10.37</b>	<b>32107125</b>	<b>64.21</b>	<b>10.37</b>	<b>0.00</b>

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

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

# ANNUAL REPORT 2016

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

SI No	Particulars	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year - promoter and promoter group	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			
	At the end of the year - promoter and promoter group	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 Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Avdhoot Finance and Investment Private Limited</b>				
	At the beginning of the year	5624208	11.25	5624208	11.25
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5624208	11.25	5624208	11.25
2	<b>Bridgewater Investment Corporation Limited</b>				
	At the beginning of the year	4450000	8.90	4450000	8.90
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	4450000	8.90	4450000	8.90
3	<b>Sakthi Management Services (Coimbatore) Limited</b>				
	At the beginning of the year	1135434	2.27	1135434	2.27
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1135434	2.27	1135434	2.27
4	<b>Grahasakthi Properties Private Ltd</b>				
	At the beginning of the year	927237	1.85	927237	1.85
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	927237	1.85	927237	1.85
5	<b>Deepender Singh Poonian</b>				
	At the beginning of the year	163401	0.33	163401	0.33
	Purchase of Shares as on 11/12/2015	48947	0.10	212348	0.42
	Purchase of shares as on 25/03/2016	22374	0.04	234722	0.47
	At the end of the year	234722	0.47	234722	0.47
6	<b>Kushagra Gupta</b>				
	At the beginning of the year	151100	0.30	151100	0.30
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	151100	0.30	151100	0.30

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
7	<b>Mita Dipak Shah</b> At the beginning of the year Sale of Shares as on 05/06/2015 Sale of Shares as on 31/12/2015 Sale of Shares as on 08/01/2016 At the end of the year	130000 30000 50000 50000 0	0.26 0.06 0.10 0.10 0	130000 100000 50000 0 0	0.26 0.20 0.10 0.00 0
8	<b>Bannari Amman Sugars Limited</b> At the beginning of the year Increase / Decrease in Shareholding during the year At the end of the year	84375 - 84375	0.17 - 0.17	84375 - 84375	0.17 - 0.17
9	<b>Amit Subhash Kulkarni</b> At the beginning of the year Purchase of Shares as on 12/06/2015 Purchase of shares as on 30/06/2015 Purchase of Shares as on 03/07/2015 Purchase of shares as on 05/02/2016 Purchase of Shares as on 26/02/2016 Purchase of shares as on 04/03/2016 At the end of the year	78852 950 150 4424 5744 455 5400 95975	0.16 0.00 0.00 0.01 0.01 0.00 0.01 0.19	78852 79802 79952 84376 90120 90575 95975 95975	0.16 0.16 0.16 0.17 0.18 0.18 0.19 0.19
10	<b>Kalpathy Viswanath Narayanmurti</b> At the beginning of the year Purchase of Shares as on 10/07/2015 Purchase of Shares as on 31/07/2015 Purchase of Shares as on 14/08/2015 Purchase of Shares as on 21/08/2015 Purchase of Shares as on 28/08/2015 Purchase of Shares as on 11/09/2015 Purchase of Shares as on 18/09/2015 Purchase of Shares as on 25/09/2015 Purchase of Shares as on 09/10/2015 Purchase of Shares as on 20/11/2015 At the end of the year	0 1910 449 16131 4600 13897 794 13316 5529 140 10000 66766	0.00 0.00 0.00 0.03 0.01 0.03 0.00 0.03 0.01 0.00 0.02 0.13	0 1910 2359 18490 23090 36987 37781 51097 56626 56766 66766 66766	0.00 0.00 0.00 0.04 0.05 0.07 0.08 0.10 0.11 0.11 0.13 0.13

**(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	<b>M Manickam, Chairman</b> At the beginnning of the year Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/bonus/sweat equity etc) At the end of the year	92813 0 92813	0.19 0 0.19	92813 0 92813	0.19 0 0.19

# ANNUAL REPORT 2016

SI No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	<b>M Balasubramaniam</b> <b>Vice Chairman and Managing Director</b> At the beginnning of the year Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	192000 0  192000	0.38 0  0.38	192000 0  192000	0.38 0  0.38
3	<b>M Srinivaasan, Director</b> At the beginnning of the year Date wise increase / decrease in in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	251355 0  251355	0.50 0  0.50	251355 0  251355	0.50 0  0.50
4	<b>A Shanmugasundaram, Director</b> At the beginnning of the year Date wise increase / decrease in in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	7875 0  7875	0.02 0  0.02	7875 0  7875	0.02 0  0.02
5	<b>A Selvakumar, Director</b> At the beginnning of the year Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	300 0  300	0.00 0  0.00	300 0  300	0.00 0  0.00
6	<b>M K Vijayaraghavan, Chief Financial Officer</b> At the beginnning of the year Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	400 0  400	0.00 0  0.00	400 0  400	0.00 0  0.00
7	<b>S Venkatesh, Company Secretary</b> At the beginnning of the year Date wise increase / decrease in shareholding during the year specifying the reason for increase / decrease (e.g allotment/ transfer/ bonus/sweat equity etc) At the end of the year	1075 0  1075	0.00 0  0.00	1075 0  1075	0.00 0  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	49294.61	16578.27	16512.88	82385.76
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1876.17	885.58	1185.91	3947.66
<b>Total (i+ii+iii)</b>	<b>51170.78</b>	<b>17463.85</b>	<b>17698.79</b>	<b>86333.42</b>
Change in indebtedness during the financial year				
Additions	16984.12	3498.86	12046.08	32529.06
Reduction	17965.64	0.00	12316.36	30282.00
<b>Net Change</b>	<b>-981.52</b>	<b>3498.86</b>	<b>-270.28</b>	<b>2247.06</b>
Indebtedness at the end of the financial year				
i) Principal Amount	48722.91	19078.27	16242.60	84043.78
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1466.35	1884.44	1063.58	4414.37
<b>Total (i+ii+iii)</b>	<b>50189.26</b>	<b>20962.71</b>	<b>17306.18</b>	<b>88458.15</b>

**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	29.50
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	11.74
	(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	53.12
	- others (specify)	-
5	Others, please specify	-
	<b>Total</b>	<b>94.36</b>
	Ceiling as per the Act	133.87

# ANNUAL REPORT 2016

## B. Remuneration to other directors

(₹ Lakh)

SI No	Particulars of Remuneration	Name of Directors					Total
		A Shanmuga sundaram	P S Gopala krishnan	Dr A Selva kumar	Priya Bhansali	K P Rama krishnan	
1	<b>Independent Directors</b>						
	(a) Fee for attending board / committee meetings	1.60	2.20	3.40	1.20	1.20	9.60
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.60</b>	<b>2.20</b>	<b>3.40</b>	<b>1.20</b>	<b>1.20</b>	<b>9.60</b>
2	<b>Other Non-Executive Directors</b>	<b>Dr M Manickam</b>	<b>M Srini vaasan</b>				
	(a) Fee for attending board / committee meetings	0.80	1.60				2.40
	(b) Commission	-	-				-
	(c) Others, please specify	-	-				-
	<b>Total (2)</b>	<b>0.80</b>	<b>1.60</b>				<b>2.40</b>
	<b>Total (1+2)</b>	<b>2.40</b>	<b>3.80</b>	<b>3.40</b>	<b>1.20</b>	<b>1.20</b>	<b>12.00</b>
	Total Managerial Remuneration						12.00
	Overall ceiling as per the Act						NA

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

(₹ lakh)

SI No	Particulars of Remuneration	Key Managerial Personnel			
		Sri M K Vijayaraghavan, CFO	Dr S Veluswamy, Sr. President (Operations)	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	18.90	18.98	11.18	49.06
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission:				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>18.90</b>	<b>18.98</b>	<b>11.18</b>	<b>49.06</b>

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

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

10th August 2016  
Coimbatore

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



**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 (KMP) 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 reappointment, the performance evaluation of the Director and his level of participation will be considered.

**ii. Remuneration to Non-Executive Directors**

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

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

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

**i. Criteria 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 profit calculated in accordance with the Companies Act 2013.

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

Based on the criticality of the role and responsibility of the Key Managerial Personnel (KMP), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry 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.

## CORPORATE GOVERNANCE REPORT

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

### 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 objectives 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 eight members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director and six Non-Executive Directors of which five are Independent Directors (including a women director), who bring in a wide range of skills and experience to the Board. The number of Independent Directors is more than 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in the Companies Act 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**Listing Regulations**).

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. All Independent Directors are also in compliance of the limit of Independent Directorship as prescribed in Regulation 25 of 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 nine (9) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, Risk Management Committee, Borrowing Committee, Allotment Committee and NCD Issuance Committee.

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

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

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

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, five Board Meetings were held on 30th May 2015, 7th August 2015, 14th November 2015, 12th February 2016 and 12th March 2016. 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 being 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 http://www.sakthifinance.com/investorinformation/familiarisationprog.pdf](http://www.sakthifinance.com/investorinformation/familiarisationprog.pdf).

**d. Performance Evaluation**

In terms of the requirements of the Companies Act 2013, the Board carried out annual performance 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 <http://www.sakthifinance.com/reports/sfcodeofconduct.pdf>

**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 2015-16 Attendance at		No. of other directorships <sup>1</sup>	Committee position	
			Board Meeting	Last AGM		Chairman <sup>2</sup>	Member <sup>2</sup>
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	4	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	5	Yes	9	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	5	Yes	7	-	1
Sri A Shanmugasundaram DIN : 00001434	Non-executive Director, Independent	None	1	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	5	Yes	1	-	1
Sri K P Ramakrishnan DIN: 07029959	Non-executive Director, Independent	None	5	Yes	2	1	1

1. excludes directorships in private limited companies and Section 8 company

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

### 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 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 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.

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

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar, Chairman	5	5
Sri A Shanmugasundaram, Member	5	5
Sri M Srinivaasan, Member	5	2

The committee held five meetings during the financial year on 29th May 2015, 6th August 2015, 13th November 2015, 11th February 2016 and 12th March 2016. The gap between two meetings was within one hundred and twenty days only.

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

**B. Nomination and Remuneration Committee**

The Company has adopted a Nomination and Remuneration Committee Charter. The role of Nomination and Remuneration Committee has been enhanced / modified as required under Section 178 of the Companies Act 2013 and Regulation 19 read with Part D of Schedule II to 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 (KMP) 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. 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 Listing Regulations 2015 regarding Nomination and Remuneration Committee.

**Composition**

The present composition of the Nomination and Remuneration Committee consists of the following Directors:

1. Sri P S Gopalakrishnan - Chairman
2. Dr A Selvakumar - Member
3. Sri A Shanmugasundaram - Member

The committee held four meetings during the financial year on 30th May 2015, 7th August 2015, 14th November 2015 and 12th February 2016. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

**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 fees paid to the executive / non-executive directors for the financial year 2015-16 and the shares held by them are given below.

## ANNUAL REPORT 2016

Name of the Director	Salary	Comm- ission	Perqui- sites	Sitting Fees	Total	No. of equity shares held
	(₹ lakh)					
Dr M Manickam	–	–	–	0.80	0.80	92,813
Sri M Balasubramaniam	29.50	53.12	11.74	–	94.36	1,92,000
Sri M Srinivaasan	–	–	–	1.60	1.60	2,51,355
Sri A Shanmugasundaram	–	–	–	1.60	1.60	7,875
Dr A Selvakumar	–	–	–	3.40	3.40	300
Sri P S Gopalakrishnan	–	–	–	2.20	2.20	Nil
Smt Priya Bhansali	–	–	–	1.20	1.20	Nil
Sri K P Ramakrishnan	–	–	–	1.20	1.20	Nil

Notes:

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

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

#### Composition

The composition of the Stakeholders' Relationship Committee consists of the following Directors.

1. Dr M Manickam - Chairman
2. Sri M Balasubramaniam, Vice Chairman and Managing Director - 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 Fax: (0422) 2231915  
 E-mail:sakthif\_info@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 six meetings during the financial year on 11th May 2015, 27th July 2015, 30th October 2015, 26th December 2015 and 21st March 2016 and all the members attended the meeting.

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

**D. Asset Liability Management Committee**

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

The committee has been reconstituted on 12th February 2016 consisting of the following Director / Executives:

1. Sri M Balasubramaniam, Vice Chairman and Managing Director - Chairman
2. Sri. M. K Vijayaraghavan, Chief Financial Officer - Member
3. Sri S Senthilkumar, Assistant General Manager (Finance & Accounts) - Member

The committee held two meetings during the financial year on 20th May 2015 and 12th November 2015 and all the members attended the meetings.

**E. Risk Management Committee**

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

**Composition**

The composition of the Risk Management Committee consists of the following Directors:

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

During the financial year, one Meeting was held on 24th March 2016.

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

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 - Vice Chairman & Managing Director - Member

The committee held a meeting during the financial year on 12th February 2016 and all the members attended the meeting.

**G. Borrowing Committee**

The Committee is authorized to borrow, accept and approve sanctions/modifications of credit facilities with the bankers and other financial institutions upto an amount not exceeding ₹ 50,000 lakh.

**Composition**

The composition of the Borrowing Committee consists of the following Directors :

1. Dr M Manickam, Chairman - Chairman



2. Sri M Balasubramaniam, Vice Chairman & Managing Director - Member
3. Sri A Shanmugasundaram - Member

During the financial year, eight meetings were held on 29th July 2015, 2nd September 2015, 11th September 2015, 10th October 2015, 27th November 2015, 19th December 2015, 18th February 2016 and 22nd March 2016 for approving the borrowings of the company and all the members attended the meeting.

### **H. Allotment Committee**

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

#### **Composition**

The allotment committee consists of the following Directors:

1. Sri M Balasubramaniam, Vice Chairman & Managing Director - Chairman
2. Dr A Selvakumar - Member
3. Sri A Shanmugasundaram - Member

During the year, five meetings were held on 18th May 2015, 16th June 2015, 6th July 2015, 31st August 2015 and 25th September 2015 for allotment of Preference Shares of the company.

### **I. NCD Issuance Committee**

#### **Terms of Reference**

- 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 authorized 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 authorizing 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 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 and the minimum subscription for the NCD Issue;
- 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 finalized in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;
- 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 with obtaining such listing;
- h. Appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the Debt Regulations;
- i. Finalization 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. Authorization of the maintenance of register of holders of the NCDs;
- l. Finalization of the basis of allotment of the NCDs including in the event of oversubscription;
- m. Finalization of the allotment of the NCDs on the basis of the applications received;
- n. Acceptance and appropriation of the proceeds of the NCD Issue; and
- o. 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 certificates, and/or to give such directions as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

#### **Composition**

The NCD Issuance Committee consists of the following Directors:

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

During the year, three meetings were held on 1st April 2015, 12th March 2016 and 30th March 2016.

#### **4. SUBSIDIARY COMPANY**

The company does not have any subsidiary company.

#### **5. GENERAL BODY MEETINGS**

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

<b>Year</b>	<b>AGM</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2015	58th	28th September 2015	4.30 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avanashi Road, Peelamedu Coimbatore - 641 004
2014	57th	27th September 2014	3.30 p.m	
2013	56th	26th September 2013	4.30 p.m	

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

<b>Date of AGM</b>	<b>Particulars of Special Resolutions passed</b>
28th September 2015 (58th AGM)	1. Private Placement of Secured, Redeemable, Non-convertible Debentures (SRNCDs) and / or other Debt Securities for an amount not exceeding ₹ 500 Crore.
27th September 2014 (57th AGM)	1. Private Placement of Secured Redeemable Non-convertible Debentures and / or other Debt Securities. 2. Issue of Redeemable Cumulative Preference Shares for an aggregate amount not exceeding ₹ 20 crore.
26th September 2013 (56th AGM)	Nil

The company has no proposal to pass any special resolution through postal ballot in the forthcoming Annual General Meeting.

# ANNUAL REPORT 2016

## 6. MEANS OF COMMUNICATION

- a. The quarterly results are published in national / regional daily ("Business Line" in English and "Malaimalar" in Tamil). The half-yearly results are not individually sent to the shareholders.
- b. The following are also promptly displayed on the Company's Website [www.sakthifinance.com](http://www.sakthifinance.com) and also filed with BSE Limited through BSE's Online 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 Annual Report.

## 8. DIRECTORS' REAPPOINTMENT

Details of disclosure regarding reappointment of Director liable to retire by rotation is given in the Annexure to the Notice.

## 9. GENERAL SHAREHOLDER INFORMATION

### 59th Annual General Meeting

Day, Date and Time : Saturday, 24th September 2016 at 4.30 p.m

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

### FINANCIAL CALENDAR FOR 2016-17

Unaudited financial results for the quarter ended June 2016 : On or Before 14th August 2016  
Unaudited financial results for the quarter ending Sept. 2016 : On or Before 14th November 2016  
Unaudited financial results for the quarter ending Dec. 2016 : On or Before 14th February 2017  
Audited financial results for the year ending March 2017 : On or Before 30th May 2017  
Annual General Meeting for the year ending March 2017 : On or Before 30th September 2017

### BOOK CLOSURE DATES

From Sunday, 18th September 2016 to Saturday, 24th September 2016, both days inclusive.

Dividend Payment Date: After 24th September 2016.

### 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 2015-16 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2016.

The Company's Non - Convertible Debentures (NCDs) are listed on the Debt Segment of BSE Limited.

The Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹ 100 crore, with an option to retain oversubscription up to ₹ 100 crore, aggregating

to ₹200 crore. The NCD issue opened on 7th April 2016 and closed on 6th May 2016. The Company made allotment of 16,48,708 NCDs of ₹ 1000 each to the eligible applicants on 18th May 2016. The NCDs were listed and admitted to dealings on the Stock Exchange with effect from 23rd May 2016, the details of which are given below.

Details of Public Issue of NCDs made during the financial year 2015 and 2016 and listed on BSE Limited are given below.

**Issued and allotted on 1st April 2015**

Option	ISIN Code	Scrip Code	Coupon Rate	Frequency of Interest Payment	Date of Maturity
I	INE302E07011	935385	11.00%	Monthly	Saturday, 1 April 2017
II	INE302E07029	935387	NA	Cumulative	Saturday, 1 April 2017
III	INE302E07037	935389	11.25%	Monthly	Sunday, 1 April 2018
IV	INE302E07045	935391	11.25%*	Yearly	Sunday, 1 April 2018
V	INE302E07052	935393	NA	Cumulative	Sunday, 1 April 2018
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

**Issued and allotted on 18th May 2016**

Option	ISIN Code	Scrip Code	Coupon Rate	Frequency of Interest Payment	Date of Maturity
I	INE302E07094	935714	10.25	Monthly	Friday, 18 May 2018
II	INE302E07102	935716	NA	Cumulative	Friday, 18 May 2018
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.

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

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

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

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

**e. Market Price Data**

The monthly high and low market price of the company's shares traded on BSE Limited, Mumbai for the financial year 2015-16 are given below:

## ANNUAL REPORT 2016

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2015	19.25	16.60	29,095	26,898
May 2015	19.60	16.15	28,071	26,424
June 2015	21.25	14.00	27,969	26,307
July 2015	26.25	17.55	28,578	27,416
August 2015	29.85	21.00	28,418	25,298
September 2015	24.90	19.30	26,472	24,834
October 2015	22.70	19.50	27,618	26,169
November 2015	23.90	18.00	26,824	25,451
December 2015	22.00	18.25	26,256	24,868
January 2016	21.70	15.90	26,197	23,840
February 2016	21.40	15.65	25,002	22,495
March 2016	20.50	16.50	25,480	23,133

REGISTRARS AND TRANSFER AGENTS	DEBENTURE TRUSTEES
<b>SKDC Consultants Limited</b> (Unit: Sakthi Finance Limited) Regd Office: 'Kanapathy Towers' Third Floor, 1391/A-1, Sathy Road Ganapathy, Coimbatore - 641 006 Phone : (0422) 6549995, 2539835 - 836 Fax : (0422) 2539837 E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com	<b>Catalyst Trusteeship Limited</b> (Formerly GDA Trusteeship Ltd) Catalyst House, Plot No. 5 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 25280081 Fax : (020) 25280275 E-mail : dt@ctltrustee.com

### Share Transfer System

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

Pursuant to Regulation 40(9) of the Listing Regulations 2015 with the Stock Exchange, certificates, on half yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participant's) Regulations 1996, certificates have also been received from a Company Secretary in Practice:

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

### DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2016

The distribution of shareholding as at 31st March 2016 is as under:

Share holdings	No. of share holders	% of share holders	No. of shares	% of share holding
1 - 500	12,903	89.61	17,81,645	3.56
501 - 1000	794	5.52	6,22,136	1.24
1001 - 2000	345	2.40	5,10,628	1.02
2001 - 3000	107	0.74	2,74,237	0.55
3001 - 4000	52	0.36	1,89,884	0.38
4001 - 5000	54	0.38	2,56,429	0.51
5001 - 10000	79	0.55	5,58,705	1.13
10001 & above	63	0.44	4,58,06,336	91.61
<b>Total</b>	<b>14,397</b>	<b>100.00</b>	<b>5,00,00,000</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS AT 31ST MARCH 2016**

The shareholding pattern as at 31st March 2016 is as under:

Category	Percentage
Promoters	64.21
Other bodies corporate	15.79
Banks, Financial Institutions and mutual funds	0.00
Non-resident Incorporated Entity	8.90
Non-Resident Indians	0.16
Resident public	10.94
<b>Total</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES**

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). 4,27,96,747 Equity Shares of the Company constituting 85.59% of the paid-up capital were dematerialised as on 31st March 2016.

**NOMINATION FACILITY**

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

**OUTSTANDING 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 Fax: (0422) 2231915  
 E-mail : sakthif\_info@sakthifinance.com **Website: www.sakthifinance.com**

**INVESTORS' CORRESPONDENCE**

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

Contact Person: Sri K Marimuthu

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

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.

**svenkatesh\_shares@sakthifinance.com**

## ANNUAL REPORT 2016

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

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

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

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

Pursuant to the requirements of Securities and Exchange Board of India SEBI (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.

### **Unclaimed Shares Demat Suspense Account**

Pursuant to Regulation 39(4) of the Listing Regulations with the Stock Exchanges, the company opened a demat account viz. Unclaimed Shares Demat Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited - Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2016 are as follows:

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

## **10. OTHER DISCLOSURES**

### **Related party Disclosures**

The details of transactions with related parties are disclosed in Note 33 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company [www.sakthifinance.com](http://www.sakthifinance.com). The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its approval. The related party transactions entered into by the company in the ordinary course of business are periodically placed before the Audit Committee for its approval.

### **Commodity Risk or Foreign Exchange Risk and Hedging Activities**

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

### **Statutory 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 and Vigil Mechanism**

The Company has adopted a Whistle Blower Policy and 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.

**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 106 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013 / 1956 as applicable.

**CEO/ CFO Certification**

In accordance with Regulation 17(8) read with Part 1 of Schedule II to the Listing Regulations 2015 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 2016.

**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 <a href="http://www.sakthifinance.com">www.sakthifinance.com</a> . Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Audit 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 an external professional as 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

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

As stipulated in Regulation 34(3) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Auditors' certificate, on compliance of conditions of corporate governance is annexed to this Report.



## ANNUAL REPORT 2016

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	<a href="http://www.sakthifinance.com/reports/sfl_IndependentDirectors_ApptLtr2014.pdf">http://www.sakthifinance.com/reports/sfl_IndependentDirectors_ApptLtr2014.pdf</a>
Board Committees	The composition of various committees of the Board	<a href="http://www.sakthifinance.com/reports/sfl_CompositionofvariousCommittees.pdf">http://www.sakthifinance.com/reports/sfl_CompositionofvariousCommittees.pdf</a>
Code of Conduct	The code lays down the ethical standards that Directors and Senior Management Personnel to observe in their professional conduct.	<a href="http://www.sakthifinance.com/reports/sfl_codeofconduct.pdf">http://www.sakthifinance.com/reports/sfl_codeofconduct.pdf</a>
Whistleblower Policy (Vigil Mechanism)	Whistleblower Policy has been formulated for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.	<a href="http://www.sakthifinance.com/reports/sfl_WBPolicy.pdf">http://www.sakthifinance.com/reports/sfl_WBPolicy.pdf</a>
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties.	<a href="http://www.sakthifinance.com/reports/sfl_RPTPolicy.pdf">http://www.sakthifinance.com/reports/sfl_RPTPolicy.pdf</a>
Familiarisation Programme	For Independent Directors through various programmes / presentations	<a href="http://www.sakthifinance.com/reports/sfl_Directorsfamiliarisationprogramme.pdf">http://www.sakthifinance.com/reports/sfl_Directorsfamiliarisationprogramme.pdf</a>
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company.	<a href="http://www.sakthifinance.com/reports/sflSL_PolicyonMaterialEventsFinal.pdf">http://www.sakthifinance.com/reports/sflSL_PolicyonMaterialEventsFinal.pdf</a>
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes.	<a href="http://www.sakthifinance.com/reports/sfl_SFL_PolicyonPreservationofDocumentArchival_03022016.pdf">http://www.sakthifinance.com/reports/sfl_SFL_PolicyonPreservationofDocumentArchival_03022016.pdf</a>
Corporate Social Responsibility Policy	The policy outlines the Company's policy on society through programmes focusing on Health, Education etc.	<a href="http://www.sakthifinance.com/reports/sfl_dcd1_sflCSRPolicy.pdf">http://www.sakthifinance.com/reports/sfl_dcd1_sflCSRPolicy.pdf</a>
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.	<a href="http://www.sakthifinance.com/reports/sfl_codeforFairDisclosure.pdf">http://www.sakthifinance.com/reports/sfl_codeforFairDisclosure.pdf</a>
Unpaid dividend account details	Statement of unclaimed and unpaid amounts.	<a href="http://www.sakthifinance.com/unclaimed.php">http://www.sakthifinance.com/unclaimed.php</a>

For and on behalf of the Board

**M MANICKAM**  
Chairman

10th August 2016  
Coimbatore

**ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO  
REGULATION 34(3) READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND  
DISCLOSURE REQUIREMENTS) REGULATIONS 2015**

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 2016.

10th August 2016  
Coimbatore

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

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Sakthi Finance Limited

We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited ('the Company'), for the year ended on 31st March 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange for the period from 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st December 2015 to 31st March 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Listing agreement / Listing Regulations. It is neither an audit nor an expression of an 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 and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations.

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.

10th August 2016  
Coimbatore

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

## INDEPENDENT AUDITORS' REPORT

To

The Members of Sakthi Finance Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of SAKTHI FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2016, 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 misstatement, 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial 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 2016 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, 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 explanation 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.27 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; and
  - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Coimbatore  
28th May 2016

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## **Annexure A referred to in the Independent Auditors' report of even date Re : Sakthi Finance Limited (the Company)**

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
  - 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.

## ANNUAL REPORT 2016

- 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 provisions 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 except the directives issued by RBI under Residuary Non-Banking Finance Companies (Reserve Bank) Directions, 1987 in respect of maintenance of liquid assets in investment in unencumbered approved securities as enumerated below:

There is a shortfall of Rs.30.39 lakhs in maintaining the minimum level of liquid assets for a period of 43 days during June 2015 quarter.

No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act 2013 for the activities of the company.
- vii. a. The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, service tax, sales tax, cess and 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 explanation given to us, the disputed statutory dues (in case of income tax, service tax, and cess) aggregating to Rs.1408.60 Lakhs that have not been deposited on account of matters pending before appropriate authority are as under.

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	66.57	AY 2009-10	Commissioner of Income Tax (Appeals), Coimbatore
Income Tax Act, 1961	Income Tax	13.74	AY 2012-13	
Finance Act 1994	Service Tax	1328.29	Oct 2009 to Sept 2014	High Court of Madras

- 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 public offer and term loans during the year for the purpose for which those were raised.
- 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, where 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.
- 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.

Coimbatore  
28th May 2016

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

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**Annexure-B referred to in the Independent Auditors' report of even date**

**Re : Sakthi Finance Limited** (the Company)

**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 2016 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.

## ANNUAL REPORT 2016

The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

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) pertain 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 2016, 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  
28th May 2016

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

**BALANCE SHEET AS AT 31ST MARCH 2016**

(₹ Lakhs)

Particulars	Note	As at 31st March 2016	As at 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	<b>6,050.00</b>	6,057.25
Reserves and Surplus	4	<b>9,536.67</b>	9,106.57
		<b>15,586.67</b>	15,163.82
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	<b>44,251.78</b>	32,988.20
Deferred Tax Liabilities (net)	6	<b>588.67</b>	664.39
		<b>44,840.45</b>	33,652.59
<b>Current Liabilities</b>			
Short-Term Borrowings	7	<b>24,570.86</b>	34,211.77
Other Current Liabilities	8	<b>21,029.09</b>	31,202.09
Short-Term Provisions	9	<b>1,975.92</b>	2,032.70
		<b>47,575.87</b>	67,446.56
<b>TOTAL</b>		<b>108,002.99</b>	116,262.97
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
- Tangible Assets		<b>5,956.76</b>	5,518.93
- Intangible Assets		<b>577.26</b>	328.63
- Capital Work-in-Progress		<b>100.48</b>	10.84
Non-Current Investments	11	<b>2,236.35</b>	2,093.92
Long-Term Loans and Advances	12	<b>194.19</b>	641.18
Other Non-Current Assets	13	<b>162.17</b>	120.83
		<b>9,227.21</b>	8,714.33
<b>Current Assets</b>			
Current Investments	14	<b>110.99</b>	312.07
Stock on Hire	15	<b>92,178.98</b>	87,982.60
Trade Receivables	16	<b>148.81</b>	132.02
Cash and Bank Balances	17	<b>3,751.17</b>	14,244.16
Short-Term Loans and Advances	18	<b>2,361.14</b>	4,629.52
Other Current Assets	19	<b>224.69</b>	248.27
		<b>98,775.78</b>	107,548.64
<b>TOTAL</b>		<b>108,002.99</b>	116,262.97

The accompanying Notes form an integral part of the financial statements 1-40

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

**PON ARUL PARANEEDHARAN**

Partner  
Membership No.212860  
Coimbatore  
28th May 2016

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

**S. VENKATESH**

Company Secretary

**M. MANICKAM**

Chairman

**M.K. VIJAYARAGHAVAN**

Chief Financial Officer



## ANNUAL REPORT 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>REVENUE FROM OPERATIONS</b>			
Income from Operations	20	<b>16,802.56</b>	14,678.99
Other Income	21	<b>404.16</b>	382.89
<b>Total Revenue from Operations</b>		<b>17,206.72</b>	15,061.88
<b>EXPENSES</b>			
Employee Benefits Expense	22	<b>1,933.09</b>	1,772.77
Finance Costs	23	<b>10,261.07</b>	9,031.73
Depreciation and Amortization Expense	24	<b>285.05</b>	241.21
Other Expenses	25	<b>1,555.85</b>	1,319.69
Provisions and Write-off	26	<b>647.16</b>	533.32
Contingent Provision against Standard Assets		<b>52.45</b>	34.20
<b>Total Expenses</b>		<b>14,734.67</b>	12,932.92
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>2,472.05</b>	2,128.96
Exceptional Items		<b>432.12</b>	-
<b>Profit before Extraordinary Items and Tax</b>		<b>2,039.93</b>	2,128.96
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>2,039.93</b>	2,128.96
Tax Expense:			
- Current Tax		<b>863.07</b>	806.18
- Deferred Tax		<b>(75.71)</b>	(259.09)
- Provision for Taxation (earlier years)		-	(2.77)
<b>Profit for the year</b>		<b>1,252.57</b>	1,584.64
Surplus for the year carried to Balance Sheet		<b>1,252.57</b>	1,584.64
<b>Earnings per Equity Share</b>			
Par Value per Equity Share (₹)		<b>10.00</b>	10.00
-Basic (₹)		<b>2.25</b>	2.93
-Diluted (₹)		<b>2.25</b>	2.93

The accompanying Notes form an integral part of the 1-40 financial statements

As per our report attached

For and on behalf of the Board

For P.N. Raghavendra Rao & Co

Chartered Accountants

Firm Regn. No.:003328S

**PON ARUL PARANEEDHARAN**

Partner  
Membership No.212860

Coimbatore  
28th May 2016

**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 2016		For the year ended 31st March 2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	2,039.93		2,128.96	
Add: Finance costs	10,261.07	12,301.00	9,031.73	11,160.69
Adjustments for:				
Depreciation and amortization expense		285.05		241.21
Increase / (Decrease) in diminution in value of Investments		(129.92)		154.23
Increase / (Decrease) in provision against Non Performing Assets		164.25		174.38
Increase / (Decrease) in provision against Standard Assets		52.45		34.20
Loss / (Profit) on sale of assets		431.56		-
Loss / (Profit) on sale of Investments		-		(73.39)
Interest receipts		(581.65)		(673.75)
Dividend received		(1.35)		(2.60)
<b>Operating profit before working capital changes</b>		12,521.39		11,014.97
Adjustments for:				
Adjustments for (Increase)/Decrease in Operating Assets				
Stock on Hire	(4,196.38)		(12,947.55)	
Trade receivables	(16.79)		(43.28)	
Cash and Bank Balances	141.27		(537.79)	
Short Term Loans and Advances	2,268.38		(709.74)	
Long Term Loans and Advances	447.00		(400.72)	
Other Current Assets	23.59		106.65	
Other Non-Current Assets	(41.34)		-	
Other Current Liabilities	(10,195.63)	(11,569.90)	19,939.79	5,407.36
<b>Cash Generated from Operations</b>		951.49		16,422.33
Cash flow from Extraordinary Items		-		-
Finance costs	(10,261.07)		(9,031.73)	
Direct taxes paid	(863.07)	(11,124.14)	(803.41)	(9,835.14)
<b>Net cash used in Operating Activities</b>	(A)	(10,172.65)		6,587.19
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital Expenditure on Fixed Assets		(1,745.02)		(135.11)
Sale of Fixed Assets		157.22		-
Purchase of Investments		58.65		(920.48)
Interest received		581.65		673.75
Dividend received		1.35		2.60
<b>Net cash from Investing Activities</b>	(B)	(946.15)		(379.24)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Share Capital		(7.25)		57.25
Increase/(Decrease) in Long Term Borrowings		11,263.54		16,608.36
Increase/(Decrease) in Short Term Borrowings		(9,640.91)		(11,613.04)
Dividend and Tax on dividend paid		(848.30)		(584.98)
<b>Net Cash from Financing Activities</b>	(C)	767.08		4,467.59
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(A+B+C)	(10,351.72)		10,675.54
Cash and cash equivalents at the beginning of the year		13,080.02		2,404.48
Cash and cash equivalents at the close of the year		2,728.30		13,080.02
Components of cash and cash equivalents at the end of the year:				
Cash on hand		858.02		502.39
Balance with Banks:				
- cheques, drafts on hand		1,065.84		1,063.24
- in current accounts		804.44		883.37
- in escrow accounts		-		10,631.02

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.N. Raghavendra Rao & Co

For and on behalf of the Board

Chartered Accountants

Firm Regn. No.:003328S

**PON ARUL PARANEEDHARAN**

Partner

Membership No. 212860

Coimbatore, 28th May 2016

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

**S. VENKATESH**

Company Secretary

**M. MANICKAM**

Chairman

**M.K. VIJAYARAGHAVAN**

Chief Financial Officer

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### 1 Company Overview

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

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

### 2 Significant Accounting Policies

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

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under 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 certain fixed assets which have been revalued. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### b. Use of Estimates

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

#### c. Tangible Fixed Assets

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

#### d. Depreciation

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

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

#### e. Intangible Assets

Intangible Assets viz. Computer Software are stated at the consideration paid for its acquisition. Intangible assets are amortized based on the management's estimate of useful economic life of the asset, reckoned as 6 years.

#### f. Revenue Recognition

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

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

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

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.

v) Debenture Issue Expenses:

The expenditure relating to Public issue of Debentures is amortised over the tenor of the debentures.

**g. Investments**

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

**h. Employee Benefits (Also refer Note 31 of Notes forming an integral part of the Financial Statements for the year ended 31st March 2016)****i) Defined Contribution Plans****1. Provident Fund (PF)**

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

**2. Superannuation**

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

**ii) Defined Benefit Plans****Gratuity**

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

**iii) Other Benefits**

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

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

**i. Leases**

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

**j. Earnings per share**

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

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.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### k. Cash and Cash Equivalents

Cash and Cash Equivalents in the Cash Flow statement comprise Cash at Bank and in hand, Cheques on hand and Balance in Current Account and Short term investments with an original maturity of three months or less.

### l. Taxes on Income

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

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

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

### m. Stock on Hire

Stock on Hire represents unexpired Instalments under Hire Purchase Finance Agreements including that in relation to repossessed 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 attached to and 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 the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

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

RBI by its Notification No.DNBR.011/CGM(CDS)-2015 dated March 27, 2015 has issued directions to all Non-Banking Financial Companies to make a provision of 0.30% on the Standard Assets as on March 31, 2016. Accordingly necessary provision has been made.

(₹ Lakhs)

	Particulars	As at 31st March 2016		As at 31st March 2015	
		No. of Shares	Amount	No. of Shares	Amount
<b>3. SHARE CAPITAL</b>					
	<b>AUTHORISED SHARE CAPITAL</b>				
	Equity Shares of ₹10 each	<b>5,50,00,000</b>	<b>5,500.00</b>	5,50,00,000	5,500.00
	10% Redeemable Cumulative Preference Shares of ₹100 each	<b>20,00,000</b>	<b>2,000.00</b>	20,00,000	2,000.00
			<b>7,500.00</b>		<b>7,500.00</b>
	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>				
	Equity Shares of ₹10 each fully paid-up	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
	10% Redeemable Cumulative Preference Shares of ₹100 each	<b>10,50,000</b>	<b>1,050.00</b>	10,57,250	1,057.25
			<b>6,050.00</b>		<b>6,057.25</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**
**a) Reconciliation of shares and amount outstanding at the beginning and end of the year**

(₹ Lakhs)

Particulars	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
No. of Shares at the beginning of the year	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
Add : Fresh issue of Shares during the year	–	–	–	–
Number of Shares at the end of the year	<b>5,00,00,000</b>	<b>5,000.00</b>	5,00,00,000	5,000.00
<b>Redeemable Cumulative Preference Shares</b>				
No. of Shares at the beginning of the year	<b>1,057,250</b>	<b>1,057.25</b>	10,00,000	1,000.00
Add : Fresh issue of Shares during the year	<b>302,450</b>	<b>302.45</b>	7,47,550	747.55
Less : Redemption of shares during the year	<b>(309,700)</b>	<b>(309.70)</b>	(690,300)	(690.30)
Number of Shares at the end of the year	<b>10,50,000</b>	<b>1,050.00</b>	10,57,250	1,057.25

**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.

The Board of Directors at their meeting held on 28th May 2016, have recommended a dividend of ₹ 1 per share (10% of the par value of ₹ 10) for the year ended 31st March 2016. The dividend recommended is subject to the approval of members at the ensuing Annual General Meeting. The amount of per share dividend recognised as distribution to equity shareholders is **₹ 1 per share** (₹ 1 per share). The total dividend appropriation for the year ended 31st March 2016 amounts to **₹ 601.79 lakhs**, including corporate dividend tax of **₹ 101.79 lakhs**.

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

**Redeemable Cumulative Preference Shares**

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

During the year, 3,02,450 Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 302.45 lakhs were allotted on 18th May 2015, 16th June 2015, 6th July 2015, 31st August 2015 and 25th September 2015. 3,09,700 Redeemable Cumulative Preference Shares of ₹ 100 each aggregating to ₹ 309.70 lakhs were redeemed during the year.

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

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

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

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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 12th March 2016, declared an interim dividend of ₹10 per share, (10% on a par value of ₹100) for the year ending 31st March 2016. The total Preference Dividend comes to **₹125.58 lakhs**, including a Corporate Dividend Tax of **₹21.24 lakhs**.

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

Name of the Shareholder	As at 31st March 2016		As at 31st March 2015	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
ABT Limited	17.45	87,27,400	17.45	87,27,400
Sakthifinance Financial Services Limited	16.22	81,10,000	16.22	81,10,000
Avdhoot Finance and Investment Private Limited	11.25	56,24,208	11.25	56,24,208
Bridgewater Investment Corporation Limited	8.90	44,50,000	8.90	44,50,000
The Gounder and Company Auto Limited	7.85	39,25,000	7.85	39,25,000
Sakthi Financial Services (Cochin) Private Limited	6.82	34,11,246	6.82	34,11,246
<b>Redeemable Cumulative Preference Shares</b>				
Ms Jayasree Jayanth	16.34	1,71,550	16.23	1,71,550
Mr Jayanth Balakrishna	11.58	1,21,600	13.87	1,46,600
Ms Aashika Jayanth	5.56	58,400	5.52	58,400
Sakthi Financial Services (Cochin) Private Limited	-	-	9.74	1,03,000

(₹ Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	52.61	52.61
<b>Securities Premium Reserve</b>		
Balance as at the Opening and Closing of the year	1,554.49	1,554.49
<b>Revaluation Reserve</b>		
Opening Balance	2,006.84	2,056.20
Less : On disposal of Fixed Assets	95.10	-
Transfer to Revenue Reserves	46.06	49.36
Closing Balance	1,865.68	2,006.84
<b>General Reserve</b>		
Balance as at the Opening and Closing of the year	1,500.00	1,500.00
<b>Debenture Redemption Reserve</b>		
Opening Balance	-	-
Add : Transfer from surplus in Statement of Profit and Loss	960.00	-
	960.00	-
<b>Statutory Reserve as per Section 45IC of the RBI Act 1934</b>		
Opening Balance	1,880.50	1,563.57
Add : Transfer from surplus in Statement of Profit and Loss	250.51	316.93
Closing balance	2,131.01	1,880.50

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)		
Particulars	As at 31st March 2016	As at 31st March 2015
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	<b>2,112.13</b>	1,567.14
Add : Profit after tax for the year	<b>1,252.57</b>	1,584.64
Transfer from Revaluation Reserve (Depreciation on Revalued Assets)	<b>46.06</b>	–
	<b>3,410.76</b>	3,151.78
Less: Appropriations		
Provision for Interim dividend on Preference shares (₹ 10 per share)	<b>104.34</b>	100.00
Tax on Interim dividend on Preference Shares	<b>21.24</b>	20.00
Provision for <i>pro rata</i> dividend on Preference shares	–	0.76
Tax on <i>pro rata</i> dividend on Preference Shares	–	0.15
Provision for Equity Dividend (₹ 1 per share)	<b>500.00</b>	500.00
Tax on Dividend - Equity Shares	<b>101.79</b>	101.81
Transfer to Statutory Reserve	<b>250.51</b>	316.93
Transfer to Debenture Redemption Reserve	<b>960.00</b>	–
Closing Surplus	<b>1,472.88</b>	2,112.13
<b>Total</b>	<b>9,536.67</b>	9,106.57
<b>5. LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Debentures	<b>11,945.64</b>	1,382.90
Term Loans from Financial Institutions / Other Lenders	<b>4,940.84</b>	6,477.77
	<b>16,886.48</b>	7,860.67
<b>Unsecured</b>		
Deposits	<b>6,402.59</b>	7,663.68
Subordinated Debts	<b>18,459.91</b>	17,463.85
Senior Unsecured NCD	<b>2,502.80</b>	–
<b>Total</b>	<b>44,251.78</b>	32,988.20

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

- a) 70,38,17,427 Secured Redeemable Non-Convertible Debentures of the face value of ₹ 1 each and redeemable at par are secured by specified Hire Purchase receivables and a building situated at Mumbai. 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 upto 14th November, 2015 and 15 to 36 months in relation to each of the series allotted from 1st August 2010 onwards. Out of the debentures mentioned above, **₹ 2,707.94 lakhs** (₹ 9,559.03 lakhs), is classified as short-term borrowings and is shown under Note 7.
- b) 1,00,00,000 Secured Redeemable Non-Convertible Debentures of ₹ 100 each aggregating to ₹ 100 Crores 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.



# NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	1,000.00 (TL-V)	13.50%	01.04.2012	10.04.2015	3 mths	Hypothecation of specified Hire Purchase receivables and guarantee by two directors	-	20.00

- d) **Term loans from Tamil Nadu Industrial Investment Corporation Ltd (TIIC) is secured as under:** (₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	1,000.00	14.50%	01.04.2015	01.03.2018	3 mths	Hypothecation of specified Hire Purchase receivables and Land & Buildings situated at Coimbatore and Chennai and personal guarantee by three directors	683.00	976.00

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

**i) Sundaram Finance Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	750.00	14.00%	08.06.2014	08.05.2016	-	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	70.87	462.97
2	550.00	14.00%	17.08.2014	17.07.2016	-		102.32	382.18
3	300.00	14.00%	17.08.2014	17.07.2016	-		-	208.46
4	1100.00	13.00%	08.01.2016	08.11.2017	-		974.16	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**
**ii) Reliance Capital Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	1,000.00	15.00%	01.09.2014	01.08.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	<b>233.31</b>	699.20
2	3,000.00	15.00%	10.03.2015	10.02.2016	-		-	2,892.80

**iii) IFMR Capital Finance Pvt Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	1500.00	14.00%	27.10.2014	27.09.2016	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	<b>415.31</b>	1,161.39
2	1500.00	13.50%	23.03.2015	23.02.2018	-		<b>1,026.13</b>	1,465.78
3	220.00	13.50%	27.03.2015	27.02.2018	-		<b>150.59</b>	214.82
4	1000.00	13.50%	14.04.2016	14.09.2018	6		<b>1,000.00</b>	-
5	395.00	13.50%	12.05.2016	12.10.2018	6		<b>395.00</b>	-
6	730.00	13.50%	19.09.2016	19.02.2019	6		<b>730.00</b>	-
7	330.00	12.90%	24.10.2016	25.03.2019	6		<b>330.00</b>	-

**iv) Hinduja Leyland Finance Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	2,500.00	12.50%	07.11.2014	08.10.2017	-	Hypothecation of specified Hire Purchase receivables	<b>1,436.82</b>	2,209.41
2	1,500.00	12.50%	07.02.2015	07.04.2018	-		<b>1,027.68</b>	1,433.60
3	250.00	12.50%	07.04.2015	07.06.2018	-		<b>184.01</b>	250.00

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

(₹ Lakhs)

Sl No	Amount of Term Loan Sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2016	Amount outstanding as on 31st March 2015
			Commence-ment date	End date				
1	1,500.00	12.90%	20.04.2015	20.03.2018	-	Hypothecation of specified Hire Purchase receivables	<b>1,062.62</b>	1,500.00

**d) Repayment Terms for Deposits**

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

**e) The period of Subordinated Debt is 61 months.**
**f) There is no default in repayment of loans and interest thereon.**

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>6. DEFERRED TAX LIABILITIES (net)</b>		
<b>Tax effect of items constituting deferred tax liability:</b>		
On difference between book balance and tax balance of depreciation (A)	<b>941.13</b>	1,031.07
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for NPA / Contingent Provision against Standard Assets	<b>336.19</b>	314.26
Provision for increase / fall in value of Investments	<b>8.44</b>	52.42
Brought forward business losses	<b>7.83</b>	–
(B)	<b>352.46</b>	366.68
<b>Total (A-B)</b>	<b>588.67</b>	664.39
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Debentures (Refer Note 5)	<b>2,707.94</b>	9,559.03
<b>From Banks</b>		
Cash Credit and Working Capital Demand Loans	<b>21,862.92</b>	21,759.94
Term Loans from financial Institutions / Other Lenders	–	2,892.80
<b>Total</b>	<b>24,570.86</b>	34,211.77
<b>Nature of security and Terms of repayment for Cash Credit and Working Capital Demand Loans:</b>		
a) Cash Credits and Working Capital Demand Loans from Scheduled Banks aggregating to ₹ 24,100 lakhs are repayable on demand and are secured by hypothecation of hire purchase receivables along with personal guarantee of 2 or 3 directors of the company.		
b) Loan from Financial Institutions / Other Lenders is secured on hypothecation of specified HP receivables along with personal guarantee of a Director.		
c) There are no overdues in the above accounts.		
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt:		
- Debentures	<b>812.05</b>	3,149.32
- Term Loans from Financial Institutions/Other Lenders	<b>4,880.99</b>	4,506.04
- Deposits	<b>9,222.44</b>	8,750.85
Interest accrued but not due on Deposits	<b>868.69</b>	765.11
Interest accrued but not due on NCD	<b>302.34</b>	181.56
Interest accrued and due on Bank Cash Credit	<b>133.60</b>	159.79
Unclaimed dividends	<b>43.88</b>	30.67
Unclaimed matured deposits and interest accrued thereon	<b>812.46</b>	519.15
Unclaimed matured debentures and interest accrued thereon	<b>2,602.95</b>	1,101.63
Unclaimed Interest Warrants	<b>37.28</b>	2.86
Advances from Customers	<b>868.18</b>	751.12
Security Deposits	<b>0.45</b>	0.45

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
Tax Deducted at source	<b>58.30</b>	60.95
Liability for Expenses	<b>299.56</b>	220.98
Redeemable Cumulative Preference Shares - Redemption	<b>77.30</b>	360.70
Application money received against NCD Public Issue	–	10,631.02
Other Payables	<b>8.62</b>	9.89
<b>Total</b>	<b>21,029.09</b>	<b>31,202.09</b>

a) There is no amount due to be transferred to Investor Education and Protection Fund as on 31st March 2016.

b) The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.

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

Provision for bonus	<b>40.93</b>	35.93
Provision for gratuity (net)	<b>35.02</b>	14.00

**Other Provisions**

Provision for Taxation (Net of Advance tax and refund dues)	<b>132.53</b>	181.18
Contingent Provision against Standard Assets	<b>283.44</b>	230.99
Provision for Non Performing Assets	<b>857.82</b>	693.57
Provision for diminution in value of Investments	<b>24.39</b>	154.31
Provision for Interim Dividend on Preference Shares	–	100.00
Provision for Tax on Interim Dividend on Preference Shares	–	20.00
Provision for <i>pro rata</i> Dividend on Preference Shares	–	0.76
Provision for Tax on <i>pro rata</i> Dividend on Preference Shares	–	0.15
Provision for proposed equity dividend	<b>500.00</b>	500.00
Provision for tax on proposed equity dividend	<b>101.79</b>	101.81
<b>Total</b>	<b>1,975.92</b>	<b>2,032.70</b>

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

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

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

The RBI by its Notification No.DNBR-011/CGM(CDS)-2015 dated 27th March 2015 has issued directions to all Non-Banking Financial Companies to make a provision of 0.30% on the Standard Assets as on 31st March 2016. Accordingly, necessary provision has been made. The company has made an incremental provision of **₹ 52.45 lakhs** as at 31st March 2016.

# ANNUAL REPORT 2016

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### 10. FIXED ASSETS

(₹ Lakhs)

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block		
	As at 1.4.2015	Additions	Deletions/ Disposals	As at 31.3.2016	Upto 01.4.2015	For the year		Withdrawn on account of disposal	Upto 31.3.2016	As on 31.3.2016	As on 31.3.2015
						On Cost	On revalued amount				
<b>Tangible Assets</b>											
Land	707.78	1,241.73	21.00	<b>1,928.51</b>	-	-	-	-	-	<b>1,928.51</b>	707.78
Buildings	2,322.86	27.14	-	<b>2,350.00</b>	300.73	<b>7.79</b>	43.24	-	<b>351.76</b>	<b>1,998.24</b>	2,022.13
Plant and Machinery	110.15	1.69	-	<b>111.84</b>	60.23	<b>4.18</b>	-	-	<b>64.41</b>	<b>47.43</b>	49.91
Plant - Wind Mills	3,568.52	-	1,028.61	<b>2,539.91</b>	959.31	<b>121.03</b>	2.82	367.76	<b>715.40</b>	<b>1,824.51</b>	2,609.21
Furniture and Fixtures	150.77	21.04	2.34	<b>169.47</b>	121.98	<b>4.81</b>	-	0.46	<b>126.33</b>	<b>43.14</b>	28.79
Vehicles	74.66	18.11	3.10	<b>89.67</b>	44.11	<b>6.17</b>	-	2.95	<b>47.33</b>	<b>42.34</b>	30.56
Office Equipments	380.45	21.01	-	<b>401.46</b>	309.90	<b>18.97</b>	-	-	<b>328.87</b>	<b>72.59</b>	70.55
<b>TOTAL A</b>	7,315.19	1,330.72	1,055.05	<b>7,590.86</b>	1,796.26	<b>162.95</b>	46.06	371.17	<b>1,634.10</b>	<b>5,956.76</b>	5,518.93
Intangible Assets											
Computer Software	455.14	324.67	-	<b>779.81</b>	126.51	<b>76.04</b>	-	-	<b>202.55</b>	<b>577.26</b>	328.63
<b>TOTAL B</b>	455.14	324.67	-	<b>779.81</b>	126.51	<b>76.04</b>	-	-	<b>202.55</b>	<b>577.26</b>	328.63
<b>Assets Under Development</b>											
Building	10.84	95.98	6.34	<b>100.48</b>	-	-	-	-	-	<b>100.48</b>	10.84
<b>TOTAL C</b>	10.84	95.98	6.34	<b>100.48</b>	-	-	-	-	-	<b>100.48</b>	10.84
<b>Total ( A + B + C )</b>	7,781.17	1,751.37	1,061.39	<b>8,471.15</b>	1,922.77	<b>238.99</b>	46.06	371.17	<b>1,836.65</b>	<b>6,634.50</b>	5,858.40
Previous year figures	7,646.06	141.49	6.38	7,781.17	1,632.20	241.21	49.36	-	1,922.77	5,858.40	

1. An amount of ₹8.44 lakhs pertaining to a building, comprised in the value of Buildings, includes value of five share of ₹50 each in a co-operative society allotted by it (in relation to that building) under its by-laws in the company's name. 2. Land, Buildings and Plant-Windmills were revalued as on 31st March 2011 based on a valuation report dated 9th May 2011 by an external valuer. The increase in revaluation amounted to ₹2660.09 lakhs as on 31st March 2011.

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2016 (₹ Lakhs)	As at 31st March 2015
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### 11. NON-CURRENT INVESTMENTS (At Cost)

Other than Trade : Investments in Equity Instruments

#### Quoted - Associates

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

#### Quoted - Others

Chokani International Ltd	100	10	<b>0.02</b>	0.02
Stiles India Ltd	100	10	<b>0.02</b>	0.02
			<b>234.00</b>	234.00

#### Unquoted - Associates

ABT Industries Ltd	1,50,000	10	<b>15.00</b>	15.00
Sakthi Beverages Ltd	1,25,000	10	<b>12.50</b>	12.50
Sakthi Soft Drinks Pvt Ltd	30,000	10	<b>3.00</b>	3.00

#### Unquoted - Others

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

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	Number	Face Value Per Unit (₹)	As at 31st March 2016	As at 31st March 2015
<b>NON-CURRENT INVESTMENTS (Contd..)</b>				
<b>Investment in Government Securities – Quoted</b>				
Bonds of Central and State Governments #	19,54,000	100	<b>1,971.80</b>	1,829.37
<b>Total</b>			<b>2,236.35</b>	2,093.92
Aggregate Book value of Quoted Investments			<b>2,205.80</b>	2,063.37
Aggregate Market Value of Quoted Investments			<b>2,286.44</b>	2,215.18
Aggregate Book value of Unquoted Investments			<b>30.55</b>	30.55
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
<b>Non-Current investments</b>				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, the Company has created a floating charge on the statutory liquid assets comprising (both current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustees representing the fixed deposit holders of the company.				
<b>12. LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured, considered good unless stated otherwise)				
Security Deposits (Secured, considered good)			<b>166.59</b>	206.82
Advance Payment of Income Tax relating to prior years			–	58.34
Other loans and advances			<b>27.60</b>	376.02
<b>Total</b>			<b>194.19</b>	641.18
<b>13. OTHER NON-CURRENT ASSETS</b>				
Debenture Issue Expenses			<b>162.17</b>	120.83
<b>Total</b>			<b>162.17</b>	120.83
<b>14. CURRENT INVESTMENTS (At Cost and Fair Value)</b>				
(Secured, Considered Good)				
Investments in Government Securities				
<b>Quoted</b>				
Bonds of Central and State Governments #	1,10,000	100	<b>110.99</b>	312.07
<b>Total</b>			<b>110.99</b>	312.07
Aggregate Book Value of Quoted Investments			<b>110.99</b>	312.07
Aggregate Market Value of Quoted Investments			<b>110.99</b>	312.07
# Investments made to comply with the requirements of the directives issued by the Reserve Bank of India.				
<b>Current investments</b>				
In accordance with the Reserve Bank of India Circular no. RBI/2006-2007/225/DNBS(PD)C.C No.87/03.02.004/2006-07 dated 4th January 2007, the Company has created a floating charge on the statutory liquid assets comprising (both current & non-current) investment in Government Securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustees representing the fixed deposit holders of the company.				
<b>15. STOCK ON HIRE</b>				
Net Receivable under Hire Purchase Finance			<b>92,178.98</b>	87,982.60
<b>Total</b>			<b>92,178.98</b>	87,982.60

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
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As per Accounting Standard (AS-19) on Lease, the details of maturity pattern of hire purchase finance receivables (Stock on Hire) for the contracts executed as on 31st March 2016 are given below:

Particulars	As at 31.03.2016		As at 31.03.2015	
	Gross	Net	Gross	Net
Less than one year	61,340.36	46,999.03	53,685.45	40,610.92
Later than one year and not later than 5 years	53,166.78	45,179.95	56,968.52	47,371.68
<b>Total</b>	<b>1,14,507.14</b>	<b>92,178.98</b>	<b>1,10,653.97</b>	<b>87,982.60</b>

**16. TRADE RECEIVABLES**

(Secured, considered good unless stated otherwise)

Dues from sale of Wind Power:

Receivables outstanding for a period exceeding six months	136.63	84.69
Receivables outstanding for a period below six months	12.18	47.33
Other receivables	-	-
<b>Total</b>	<b>148.81</b>	<b>132.02</b>

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

Cash on hand	858.02	502.39
Balance with Banks:		
- Cheques, drafts on hand	1,065.84	1,063.24
- Current Accounts	804.44	883.37

**b. Other Bank Balances**

In Margin Money Deposits:		
- Deposits with original maturity of more than 12 months	978.94	1,133.47
In Earmarked Accounts:		
- Unpaid Dividend Accounts	43.93	30.67
- NCD Public Issue Application money in Escrow Account with Banks	-	10,631.02
<b>Total</b>	<b>3,751.17</b>	<b>14,244.16</b>

**18. SHORT-TERM LOANS AND ADVANCES**

(Unsecured, considered good unless stated otherwise)

Prepaid Expenses	56.80	74.00
Service Tax Credit Receivable	-	19.32
Loans and Advances to Employees	277.65	248.04
Other Loans and Advances:		
- Secured, considered good	-	39.61
- Unsecured, considered good	2,026.69	4,248.55
<b>Total</b>	<b>2,361.14</b>	<b>4,629.52</b>
Due from officers of the company	5.43	26.43

**19. OTHER CURRENT ASSETS**

Repossessioned Assets (HP Assets)	80.13	125.98
Interest accrued on deposits	35.44	37.10
Debenture Issue Expenses	100.90	75.85
Others	8.22	9.34
<b>Total</b>	<b>224.69</b>	<b>248.27</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>20. INCOME FROM OPERATIONS</b>		
Income from Hire purchase operations	<b>16,029.61</b>	13,938.58
Interest from:		
- Loans and Other receipts	<b>327.46</b>	465.18
- Banks deposits	<b>86.82</b>	68.88
- Long Term Investments	<b>158.49</b>	116.63
- Current Investments	<b>8.88</b>	23.06
Bad debts recovery	<b>191.30</b>	66.66
<b>Total</b>	<b>16,802.56</b>	14,678.99
<b>21. OTHER INCOME</b>		
Income from Wind mill-Sale of Electricity	<b>228.90</b>	261.74
Dividend Income		
- Non-Current Investments	<b>1.35</b>	2.60
Other non-operating income (net of expenses directly attributable to such income):		
- Profit on sale of fixed assets	<b>0.56</b>	-
- Profit on Sale of Investment	<b>-</b>	73.39
- Profit on redemption of Investment	<b>3.74</b>	4.02
- Rental income	<b>39.46</b>	39.87
- Diminution in value of Investments reversed	<b>129.92</b>	-
- Miscellaneous income	<b>0.23</b>	1.27
<b>Total</b>	<b>404.16</b>	382.89
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	<b>1,733.65</b>	1,566.27
Contributions to Provident and Other Funds	<b>66.99</b>	65.18
Staff Welfare Expenses	<b>132.45</b>	141.32
<b>Total</b>	<b>1,933.09</b>	1,772.77
<b>23. FINANCE COSTS</b>		
Interest Expense on:		
- Debentures	<b>2,302.43</b>	2,300.34
- Term Loans from Financial Institutions / Other Lenders	<b>1,336.97</b>	691.56
- Cash Credit from Banks	<b>2,418.04</b>	2,206.18
- Deposits	<b>1,853.45</b>	1,930.26
- Subordinated Debts	<b>2,062.95</b>	1,609.78
Bank Charges	<b>183.79</b>	190.33
Other Financial Charges	<b>103.44</b>	103.28
<b>Total</b>	<b>10,261.07</b>	9,031.73
<b>24. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation	<b>209.01</b>	233.26
Less: Transfer from Revaluation Reserve	<b>-</b>	49.36
	<b>209.01</b>	183.90
Add: Amortization Expenses	<b>76.04</b>	57.31
<b>Total</b>	<b>285.05</b>	241.21
<b>25. OTHER EXPENSES</b>		
Rent	<b>92.25</b>	84.36
Rates, Taxes and Licences	<b>146.47</b>	66.76
Communication	<b>61.42</b>	54.00
Insurance	<b>13.64</b>	16.80
Travelling and Conveyance	<b>448.64</b>	377.94



# ANNUAL REPORT 2016

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Printing and Stationery	55.88	53.62
Power and Fuel	27.11	28.32
Advertisements	23.32	19.03
Auditors Remuneration:		
As Auditor:		
- Audit Fee	8.50	6.00
- Tax Audit Fee	4.00	2.50
- Limited Review Fee	5.50	1.50
In Other Capacity:		
- Certification Fee	6.50	3.33
- Reimbursement of Expenses	9.24	1.75
Legal and Professional Charges	232.29	125.05
Repairs and Maintenance on:		
- Buildings	66.75	70.30
- Machinery	95.73	88.62
- Other Assets	44.54	49.16
Filing Fees	14.69	5.01
Directors' Sitting Fees	12.00	8.60
Diminution in value of Investments	-	154.23
Expenses on Corporate Social Responsibility	49.07	46.05
Miscellaneous Expenses	135.50	56.76
Loss on Sale / Redemption of SLR Investments	2.81	-
<b>Total</b>	<b>1,555.85</b>	<b>1,319.69</b>
<b>26. PROVISIONS AND WRITE-OFF</b>		
Provision against Non-Performing Assets (net)	176.42	121.82
Bad Debts - Trade and other receivables written off	470.74	411.50
<b>Total</b>	<b>647.16</b>	<b>533.32</b>
<b>27. CONTINGENT LIABILITIES</b>		
a) Income Tax issues pending before Commissioner of Income Tax (Appeals) Coimbatore.	80.31	80.31
b) Service Tax Issues	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 High Court of Madras against the levy has been admitted and stay has been granted.		
<b>28.</b> The Company has also extended collateral security of company's Building and Land belonging to a Director for Cash Credit/Working Capital Demand Loans availed from a bank.		
<b>29. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b>		
Travelling	4.46	5.18
<b>30. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
Year to which the dividend relates	2014-15	2013-14
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 2016**
**31. DISCLOSURE REQUIREMENTS UNDER AS-15 – “EMPLOYEE BENEFITS”**

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2016 (Gratuity)	For the year ended 31st March 2015 (Gratuity)
I	<b>Principal Actuarial Assumptions</b> (Expressed as weighted averages)		
	Discount rate	<b>8.00%</b>	8.00%
	Salary Escalation rate	<b>4.00%</b>	4.00%
	Attrition rate	<b>3.00%</b>	3.00%
	Expected rate of return on Plan Assets	<b>8.20%</b>	8.40%
II	<b>Changes in the present value of the obligation (PVO) – Reconciliation of Opening and Closing balances</b>		
	PVO at the beginning of the period	<b>150.04</b>	150.37
	Interest cost	<b>12.00</b>	12.03
	Current service cost	<b>12.20</b>	12.17
	Past service cost – (non-vested benefits)	-	-
	Past service cost – (vested benefits)	-	-
	Benefits paid	<b>(20.58)</b>	(13.32)
	Actuarial loss / (gain) on obligation	<b>2.21</b>	(11.21)
	PVO as at the end of the period	<b>155.87</b>	150.04
III	<b>Changes in the fair value of plan assets – Reconciliation of Opening and Closing balances</b>		
	Fair value of plan Assets at the beginning of the period	<b>164.04</b>	163.61
	Expected return on plan assets	<b>12.82</b>	13.75
	Contributions	-	-
	Benefits paid	<b>(20.58)</b>	(13.32)
	Actuarial loss/(gain) on plan assets	-	-
	Fair value of Plan Assets as at the end of the period	<b>156.28</b>	164.04
IV	<b>Actual Return on Plan Assets</b>		
	Expected return on plan assets	<b>12.82</b>	13.75
	Actuarial gain / (loss) on plan assets	-	-
	Actual return on plan assets	<b>12.82</b>	13.75
V	<b>Actuarial Gain / Loss recognized</b>		
	Actuarial gain / (loss) for the period– Obligation	<b>(2.21)</b>	11.21
	Actuarial gain / (loss) for the period– Plan Assets	-	-
	Total (gain)/ loss for the period	<b>2.21</b>	(11.21)
	Actuarial (gain) / loss recognized in the period	<b>2.21</b>	(11.21)
	Unrecognised actuarial (gain) / Loss at the end of the year	-	-

# ANNUAL REPORT 2016

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ Lakhs)

SI No	Particulars	For the year ended 31st March 2016 (Gratuity)	For the year ended 31st March 2015 (Gratuity)
VI	<b>Amounts recognized in the Balance Sheet and related analysis</b>		
	Present value of the obligation	155.87	150.04
	Fair value of Plan Assets	156.28	164.04
	Difference	(0.41)	(14.00)
	Unrecognised transitional liability	-	-
	Unrecognised past service cost - non-vested benefits	-	-
	Liability recognized in the Balance Sheet	(0.41)	(14.00)
VII	<b>Expenses recognized in the Statement of Profit and Loss</b>		
	Current service cost	12.20	12.17
	Interest cost	12.00	12.03
	Expected return on plan assets	(12.82)	(13.75)
	Actuarial (gain) / loss recognized in the year	2.21	(11.21)
	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	13.59	(0.76)
VIII	<b>Movements in the liability recognized in the Balance Sheet</b>		
	Opening net liability	-	(48.32)
	Expenses as above	(13.59)	0.76
	Contributions paid	-	-
	Closing net liability	(13.59)	(47.56)
IX	<b>Amount for the current period</b>		
	Present value of obligations	155.87	150.04
	Plan Assets	156.28	164.04
	Surplus / (Deficit)	0.41	14.00
	Experience adjustments on plan liabilities - (loss) / gain	-	-
	Actuarial (loss)/gain on obligation	(2.21)	11.21
	Experience adjustments on plan assets - (loss) / gain	-	-
X	<b>Major categories of Plan Assets</b>		
	Fund manager by insurer	100%	100%
XI	<b>Enterprise's best estimate of contribution during next year</b>	(0.41)	(14.00)

### 32. 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 2016**
**33. RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31ST MARCH 2016**
**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. Sakthi Realty Holdings Ltd. N Mahalingam & Co Nachimuthu Industrial Association Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Sugars Ltd. Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. The Gounder and Company Auto Ltd.
B	Key Management Personnel	Sri M Balasubramaniam Vice Chairman and Managing Director Sri M K Vijayaraghavan Chief Financial Officer Dr S Veluswamy Sr President (Operations) Sri S Venkatesh Company Secretary
C	Relatives of Key Management Personnel	Smt M Mariammal, Mother Dr M Manickam, Brother Sri M Srinivaasan, Brother Miss B Shruthi, Daughter

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

(₹ Lakhs)

SI No	Nature of Transaction(s)	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>1</b>	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	4.40	-	-	<b>4.40</b>	4.40
	ABT Industries Ltd.	15.77	-	-	<b>15.77</b>	15.58
	<b>Dividend Income</b>					
	ABT Industries Ltd.	1.35	-	-	<b>1.35</b>	1.35
<b>2</b>	<b>Expenses</b>					
	<b>Purchase of fuel</b>					
	N.Mahalingam and Co.	9.48	-	-	<b>9.48</b>	17.44
	<b>Rent paid</b>					
	M.Balasubramaniam	-	2.40	-	<b>2.40</b>	2.40
	M. Srinivaasan	-	-	0.60	<b>0.60</b>	0.60

# ANNUAL REPORT 2016

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ 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 2016	For the year ended 31st March 2015
	<b>Resource Mobilisation Charges</b>					
	Sakthifinance Financial Services Ltd.	103.08	-	-	<b>103.08</b>	103.07
	<b>Printing charges</b>					
	Nachimuthu Industrial Association	14.20	-	-	<b>14.20</b>	16.76
	Sakthi Sugars Ltd. (Om Sakthi)	2.40	-	-	<b>2.40</b>	2.40
	<b>Corporate Social Responsibility Expenses</b>					
	Nachimuthu Gounder Rukmani Ammal Charitable Trust	29.00	-	-	<b>29.00</b>	-
	<b>Deputation Charges</b>					
	Sakthifinance Financial Services Ltd.	76.90	-	-	<b>76.90</b>	74.18
	<b>Remuneration</b>					
	M.Balasubramaniam	-	41.24	-	<b>41.24</b>	24.61
	M.K.Vijayaraghavan	-	18.91	-	<b>18.91</b>	7.61
	S.Veluswamy	-	16.63	-	<b>16.63</b>	17.92
	S.Venkatesh	-	11.18	-	<b>11.18</b>	11.63
	B.Shruthi	-	-	7.96	<b>7.96</b>	-
	<b>Commission</b>					
	M.Balasubramaniam	-	53.12	-	<b>53.12</b>	24.23
	<b>Sitting Fees</b>					
	M.Manickam	-	-	0.80	<b>0.80</b>	0.70
	M.Srinivaasan	-	-	1.60	<b>1.60</b>	0.80
<b>3</b>	<b>Assets:</b>					
	Purchase of Fixed Assets					
	ABT Foundation Ltd	1,084.02	-	-	<b>1,084.02</b>	-
<b>4</b>	<b>Liabilities for Expenses Payable:</b>					
	Sakthi Sugars Ltd.	0.39	-	-	<b>0.39</b>	0.20
	N. Mahalingam and Co.	0.67	-	-	<b>0.67</b>	2.31
	Nachimuthu Industrial Association	4.91	-	-	<b>4.91</b>	2.64

### 34. 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 **₹ 89.04 Lakhs** (₹ 80.81 Lakhs).

### 35. EARNINGS PER SHARE

(₹ Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Profit after tax (A)	<b>1,252.57</b>	1,584.64
Less: Preference dividend	<b>125.58</b>	120.91
Profit after Preference dividend	<b>1,126.99</b>	1,463.73
Weighted average number of equity shares (B)	<b>5,00,00,000</b>	5,00,00,000
The nominal value per equity share (₹)	<b>10.00</b>	10.00
Earnings per share – Basic (₹) (A/B)	<b>2.25</b>	2.93
– Diluted (₹) (A/B)	<b>2.25</b>	2.93

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**
**36. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL (DEPOSIT-ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS 2007** (₹ Lakhs)

SI No	Particulars	Amount Outstanding	Amount overdue
	<b>LIABILITIES SIDE</b>		
(1)	<b>Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures: – Secured	<b>18,370.92</b>	–
	– Unsecured (Other than falling within the meaning of Public deposit)	<b>2,502.80</b>	–
	(b) Deferred Credits	–	–
	(c) Term Loans	<b>9,878.07</b>	–
	(d) Inter-Corporate loans and borrowing	–	–
	(e) Commercial paper	–	–
	(f) Public Deposits	<b>17,306.18</b>	<b>812.46<sup>#</sup></b>
	(g) Subordinated Debts	<b>18,459.91</b>	–
	(h) Other Loans - Cash Credit	<b>21,940.27</b>	–
(2)	<b>Break-up of (1)(f) and (g) above (outstanding public deposits inclusive of interest accrued thereon but not paid)</b>		
	(a) In the form of unsecured debentures	–	–
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c) Other Public deposits	<b>17,306.18</b>	<b>812.46<sup>#</sup></b>
	(d) Subordinated Debts	<b>18,459.91</b>	–
	<sup>#</sup> represents unclaimed deposits		
	<b>ASSETS SIDE</b>		
(3)	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below)</b>		Amount Outstanding
	(a) Secured		<b>434.23</b>
	(b) Unsecured		<b>750.00</b>
(4)	<b>Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>		
	(i) Lease Assets including lease rentals under Sundry Debtors		–
	(a) Financial Lease		–
	(b) Operational Lease		–
	(ii) Assets on Hire including Hire charges under Sundry Debtors		<b>92,178.98</b>
	(a) Stock on Hire		<b>80.13</b>
	(b) Repossessed Assets		–
	(iii) Other Loans counting towards AFC Activities		–
	(a) Loans where assets have been repossessed		–
	(b) Loans other than (a) above		–
(5)	<b>Break-up of Investments</b>		Amount Outstanding
	Current Investments:		
	(1) Quoted		–
	(i) Shares: (a) Equity		–
	(b) Preference		–
	(ii) Debentures and Bonds		–
	(iii) Units of Mutual Funds		–
	(iv) Government Securities		<b>110.99</b>
	(v) Others		–

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016** (₹ Lakhs)

(₹ Lakhs)

Sl. No.	Particulars	Amount Outstanding
(5)	(2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others Long Term Investments: (1) Quoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others (2) Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others	— — — — —   

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**
**37. DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANIES-CORPORATE GOVERNANCE  
(RESERVE BANK) DIRECTIONS 2015**

(₹ Lakhs)

Sl. No	Particulars	31.03.2016	31.03.2015							
1	<b>Capital to Risk (Weighted) Assets Ratio</b> i) CRAR (%) ii) CRAR - Tier I Capital (%) iii) CRAR - Tier II Capital (%) iv) Subordinated debts considered as Tier-II capital v) Amount raised by issue of Perpetual Debt Instruments	<b>19.42</b> <b>11.54</b> <b>7.88</b> <b>5,915.34</b> <b>-</b>	18.04 10.70 7.34 5,885.55 -							
2	<b>Investments</b> <b>i) Value of Investments</b> <b>Gross Value of Investments</b> a In India b Outside India <b>ii) Provisions for diminution in value of investments</b> a In India b Outside India <b>iii) Net Value of Investments</b> a In India b Outside India <b>Movement of provisions held towards diminution in value of investments</b> (i) Opening balance (ii) Add : Provisions made during the year (iii) Less: Write-off / write-back of excess provisions during the year (iv) Closing balance	<b>2,347.33</b> <b>-</b> <b>24.39</b> <b>-</b> <b>2,322.94</b> <b>-</b> <b>154.31</b> <b>-</b> <b>129.92</b> <b>24.39</b>	2,405.99 - 154.31 - 2,251.68 - 0.08 154.23 - 154.31							
3	<b>Derivatives</b> (i) Forward Rate Agreement / Interest Rate Swap (ii) Exchange Traded Interest Rate (IR) Derivatives (iii) Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:- The Company has no derivatives transactions	<b>Nil</b> <b>Nil</b> <b>Nil</b>	Nil Nil Nil							
4	<b>Disclosures relating to Securitisation</b> (i) SPV and Minimum Retention Requirements (ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction (iii) Details of Assignment transactions undertaken by NBFCs (iv) Details of non-performing financial assets purchased / sold a Details of non-performing financial assets purchased b Details of Non-performing Financial Assets sold	<b>Nil</b> <b>Nil</b> <b>Nil</b> <b>Nil</b> <b>Nil</b>	Nil Nil Nil Nil Nil							
5	<b>Asset Liability Management Maturity pattern of certain items of Assets and Liabilities</b>									
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	678.54	1247.84	1170.43	4323.05	2228.52	6594.22	-	-	16242.60
(ii)	Advances	3865.42	4190.85	4356.58	13235.15	22279.37	42551.93	2815.26	-	93294.56
(iii)	Investments	-	-	-	-	110.99	136.31	147.44	1928.20	2322.94
(iv)	Borrowings	1282.86	1162.08	2007.52	1729.18	19999.91	29922.88	9196.76	2500.00	67801.19
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Sl. No	Particulars	31.03.2016	31.03.2015														
6	<b>Exposure</b> i) Exposure to Real Estate Sector ii) Exposure to Capital Market 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 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 iii) Details of financing of parent company products iv) Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC v) Unsecured Advances	   <b>234.00</b>   - -  - - - - - -  <b>234.00</b>  <b>Nil</b> <b>Nil</b>  <b>750.00</b>	   234.00   - -  - - - - - -  234.00  Nil Nil  752.43														
7	<b>Miscellaneous</b> i) Registration obtained from other financial sector regulators ii) Disclosure of Penalties imposed by RBI and other regulators iii) Related Party Transactions - Refer Note No.33 iv) Ratings assigned by credit rating agencies and migration of ratings during the year <table><tr><td>Sl No.</td><td>Particulars</td><td>ICRA</td></tr><tr><td>(i)</td><td>Deposits</td><td>MA-</td></tr><tr><td>(ii)</td><td>Debentures</td><td>BBB</td></tr><tr><td>(iii)</td><td>Long-Term Borrowings</td><td>BBB</td></tr><tr><td>(iv)</td><td>Short-Term Borrowings</td><td>A2</td></tr></table> Migration of ratings during the year : NIL v) Remuneration of Directors Ref. Page No. 33 of Corporate Governance Report 2016 vi) Management Ref. Management and Discussion and Analysis report on Page No.7 vii) Net Profit or Loss for the period, prior period items and changes in accounting policies	Sl No.	Particulars	ICRA	(i)	Deposits	MA-	(ii)	Debentures	BBB	(iii)	Long-Term Borrowings	BBB	(iv)	Short-Term Borrowings	A2	  
Sl No.	Particulars	ICRA															
(i)	Deposits	MA-															
(ii)	Debentures	BBB															
(iii)	Long-Term Borrowings	BBB															
(iv)	Short-Term Borrowings	A2															

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

(₹ Lakhs)

Sl. No	Particulars	31.03.2016	31.03.2015
<b>8</b>	<b>Other Disclosures</b>		
	i) Provisions and Contingencies		
	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
	a Provisions for diminution in value of Investment	<b>(129.92)</b>	154.23
	b Provision towards NPA	<b>176.42</b>	121.82
	c Provision for Standard Assets	<b>52.45</b>	34.20
	d Provision made towards Income tax	<b>787.36</b>	544.32
	e Other Provision and Contingencies (with details)	-	-
	ii) Draw-down from Reserves	<b>Nil</b>	Nil
	iii) Concentration of Deposits, Advances, Exposures and NPAs		
	a Concentration of Deposits:-		
	Total Deposits of twenty largest depositors	<b>248.01</b>	184.02
	Percentage of Deposits of twenty largest depositors to Total Deposits	<b>1.53%</b>	1.11%
	b Concentration of Advances:-		
	Total Advances to twenty largest borrowers	<b>1,886.27</b>	1,123.00
	Percentage of Advances to twenty largest borrowers to Total Advances	<b>2.04%</b>	1.27%
	c Concentration of Exposures		
	Total Exposure to twenty largest borrowers / customers	<b>1,376.29</b>	2,053.28
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	<b>1.49%</b>	2.33%
	d Concentration of NPAs		
	Total Exposure to top four NPA accounts	<b>44.01</b>	54.20
	e Sector-wise NPAs		
	Sl Sector No.	% NPAs to Total Advances in that sector	
	i) Agriculture & allied activities	-	-
	ii) MSME - Engineering	<b>0.14%</b>	0.07%
	iii) Corporate borrowers - Textiles	-	-
	iv) Services - Others	<b>5.12%</b>	2.83%
	v) Unsecured personal loans	-	-
	vi) Auto loans - Transport	<b>1.72%</b>	1.49%
	vii) Other personal loans	-	-
	f Movement of NPAs		
	i) Net NPAs to Net Advances (%)	<b>0.89%</b>	0.65%
	ii) Movement of NPAs (Gross)		
	Opening balance	<b>1,266.48</b>	909.81
	Additions during the year	<b>1,415.66</b>	2,458.65
	Reductions during the year	<b>1,003.15</b>	2,101.98
	Closing balance	<b>1,678.99</b>	1,266.48
	iii) Movement of Net NPAs		
	Opening balance	<b>572.91</b>	390.63
	Additions during the year	<b>703.85</b>	1,875.27
	Reductions during the year	<b>455.59</b>	1,692.99
	Closing balance	<b>821.17</b>	572.91

# ANNUAL REPORT 2016

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ Lakhs)

Sl. No	Particulars	31.03.2016	31.03.2015
	iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	693.57	519.19
	Provisions made during the year	711.81	583.38
	Write-off / write-back of excess provisions	547.56	409.00
	Closing balance	857.82	693.57
	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
<b>9</b>	<b>Disclosure of Complaints</b>		
	a No. of complaints pending at the beginning of the year	Nil	Nil
	b No. of complaints received during the year	5	Nil
	c No. of complaints redressed during the year	5	Nil
	d No. of complaints pending at the end of the year	Nil	Nil

### 38. Public Issue of Secured Redeemable Non-Convertible Debentures (NCDs)

The Company made a public issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹1000 each for an amount of ₹ 100 crore with an option to retain over-subscription for ₹ 100 crore, aggregating to ₹200 crore. The NCD issue opened on 7th April 2016 and closed on 6th May 2016. The Company made allotment of 16,48,708 NCDs to the eligible applicants on 18th May 2016. The NCDs were listed and admitted to dealings on the BSE Limited with effect from 23rd May 2016.

### 39. 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 2016

I. Gross amount required to be spent by the company during the year: ₹44.52 Lakhs

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

Particulars	Amount Spent
a. Construction / acquisition of any asset	-
b. On purposes other than (a) above:	
Promoting Education	3.00
Promoting Healthcare	0.84
Promoting Healthcare including preventive health care and others	38.84
Swachh Bharath Project	5.19
Promoting Sports	1.20
Others	-
<b>Total</b>	<b>49.07</b>

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

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

For and on behalf of the Board

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

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

**M. MANICKAM**  
Chairman

Coimbatore  
28th May 2016

**S. VENKATESH**  
Company Secretary

**M.K. VIJAYARAGHAVAN**  
Chief Financial Officer

## BRANCH NETWORK

BRANCH OFFICES		ADDRESS	FAX		PHONES	
<b>TAMILNADU</b>						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	P88/B-17, B18, Putru Mariamman Koil Street, Durgam Road			04151	223567
Kancheepuram	631 501	14/69, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 001	19/485, L M Complex, 100 Feet Road			04565	237204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E Second Floor, Dr. 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, Ist 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, Kuranguchavadi			0427	2448840
Sivakasi	626 189	I Floor, 1445A Gnanagiri Road			04562	277226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti,			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum High Road			0462	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2765969
Tuticorin	628 003	93A-1 Devarpuram Road, First Floor			0461	2323977
Vellore	632 004	80 - 62, Bangalore Road			0416	2224653
<b>PUDUCHERRY</b>	603 001	94, Kamaraj Salai			0413	2213786
<b>KERALA</b>						
Alapuzha	688 561	No. AMCW 20/115, 2nd Floor, Ambalapuzha,			0477	2260111
Ernakulam	682 016	Room No: 101 - B, Land Mark Enclave, No. 39/3633-B, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, II Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB - 5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 001	Arryattuparambil Building, Sastri Road,	0495	2720414	0481	2564167
Kozhikode	673 004	5/2248-D, Mavoor Road, Opp:Civil Supplies Corporation			0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.8/386 - D, 1st Floor, NH 49,Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Ottapalam	679 101	JRJ Complex & Enterprises, Near Bus Stand, Main Road			0466	2246055
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303 (4), Kottaramattam			04822	210930
Palakkad	678 001	N.S.Towers, 14/280 (16) New Stadium Bus Stand			0491	2548137
Pathanamthitta	689 645	PMC IX /1128(1)10(E), Second Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Sulthan Bathery	673 592	B.No.586A 28SBP, 2nd Floor, Aiswarya Athulya, Theatre Road			0493	6221616
Thrissur	680 001	Damodaran & Sons Complex, Round West			0487	2335023
Vadakara	673 101	No.25/125-A, Elite Building, 2nd Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2275985
<b>KARNATAKA</b>						
Bengaluru	560 001	No.204, II Floor, No. 92, Kedia Arcade, Infantry Road			080	25583365
Mangaluru	575 002	Door No.213, II Floor, Mangalore Shalimar Gate, Byepass Road, Near Kankanady Bus Stand			0824	2434811
<b>MAHARASHTRA</b>						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
<b>ANDHRA PRADESH</b>						
Rajahmundry	533 103	79-16-12/2, III Floor, E & S Reddy Complex Tilak Road Behind Aryapuram Coop Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59 - 14 - 5, 5th Floor, BSR Plaza, NH - 5 Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	560 016	No.49-24-51, A, 6, First Floor	0891	2550060	0891	2550060
<b>NEW DELHI</b>	110 005	Flat No. 101-A, Pavan Estate Shankaramadam Road No.2142/47, Second Floor, Gurudwara Road, Karol Bagh			011	25753646

**FOR HOLDERS OF SHARES IN PHYSICAL FORM**

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

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

1. Shareholder's Name	:																					
2. Folio Number	:																					
3. Number of Shares	:																					
4. Bank Name	:																					
5. Branch Name, Address and Telephone No.	:																					
6. Bank Account Number (10-Digit or more number only)	:																					
7. Account type [Please tick ✓]	:	<table border="1"><tr><td>a) S.B.</td><td>b) Current</td><td>c) Cash Credit/OD</td></tr></table>			a) S.B.	b) Current	c) Cash Credit/OD															
a) S.B.	b) Current	c) Cash Credit/OD																				
8. 9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank	:																					
9. 11-Digit IFS Code	:	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				
10. Contact Number	:	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																				

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.

### **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)

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#### **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.

## **BOOK POST**

Printed matter

To

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(Unit : Sakthi Finance Limited)

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road, Ganapathy

Coimbatore – 641 006



## சக்தி பைனான்ஸ் லிமிடெட்

2016ஆம் ஆண்டு மார்ச் மாதம் 31ஆம் தேதியுடன் முடிவடைந்த நிதியாண்டிற்கான செயல்முறை பலன்கள் குறித்து நிறுவனத்தின் தலைவர் **டாக்டர் ம. மாணிக்கம்** அவர்கள் ஆற்றிய உரை

அன்பார்ந்த பங்குதாரர்களே,

நமது நிறுவனத்தின் 59ஆம் ஆண்டு பொதுப்பேரவைக் கூட்டத்தில் கலந்து கொள்ள வந்திருக்கும் உங்கள் அனைவரையும் வரவேற்பதில் நான் மிக்க மகிழ்ச்சி அடைகிறேன். சென்ற 31 மார்ச் 2016ம் தேதியுடன் முடிவடைந்த நிதியாண்டிற்கான தணிக்கை செய்யப்பட்ட கணக்குகளும், இயக்குநர்கள் குழுவின் அறிக்கையும் ஏற்கனவே அனுப்பப்பட்டு தற்போது உங்களிடம் இருப்பதால், உங்கள் அனுமதியுடன் அவற்றை வாசிக்கப்பட்டதாக எடுத்துக் கொள்கிறேன்.

### பொருளாதாரச் சூழல்

இந்த ஆண்டில் பரந்த உலகப் பொருளாதாரம் மற்றும் அரசியல் நிலவரம் கொந்தளிப்புடன் காணப்பட்டது. இதனால் உலகப் பொருளாதார வளர்ச்சி 2014ல் இருந்த 3.4 சதவிகிதத்திலிருந்து 2015ஆம் ஆண்டில் 3.1 சதவிகிதமாக குறைந்துள்ளது. உலகளாவிய வளர்ச்சி 3.2 சதவிகிதமாக 2016ல் இருக்கும் என்று சர்வதேச நாணய நிதியத்தால் (ஐஎம்எப்) கணிக்கப்பட்டுள்ளது. இவ்வளர்ச்சி 2017ல் 3.5 சதவிகிதத்தை எட்டுவதற்கான வாய்ப்புள்ளது. புதிய மற்றும் வளர்ந்து வரும் நாடுகளின் பொருளாதாரம் உலக வளர்ச்சிக்கு ஒரு முக்கியமான பங்கை அளிக்கும் என்று எதிர்பார்க்கப்படுகிறது.

இந்தியாவின் நட்சத்திரப் பொருளாதார செயல்திறன் வளர்ச்சியாகிய 7.6 சதவிகிதம் உலகப் பொருளாதாரத்தின் மெத்தனமான வளர்ச்சியை மிஞ்சி நிற்கிறது. இந்தியா பெருமளவிலான பொருளாதார ஸ்திரத்தன்மையை வலுப்படுத்துவதில் அடைந்த ஆதாயத்தை தொடர்ந்து பலப்படுத்தி வருகிறது. இந்தியாவின் வளர்ச்சி பெருமளவில் தொழில் துறையின் துரித வளர்ச்சி மற்றும் சேவைத்துறையின் உயர்ந்த பட்ச வளர்ச்சியைச் சார்ந்ததாகும். விவசாய உற்பத்தி முந்தைய ஆண்டின் குறைந்த அளவை விட சொற்பமான அளவு, அதாவது 1.2 சதவிகிதம் வளர்ச்சியடைந்துள்ளது.

ஏப்ரல்-ஜூன் 2016 காலாண்டில், மொத்த உள்நாட்டு உற்பத்தி 7.1 சதவிகிதமாக உயர்ந்துள்ளது. எனினும் நிதி அமைச்சகம், நல்ல பருவ மழை மற்றும் ஏழாவது சம்பளக் கமிஷனின் பலன்கள் போன்றவற்றின் பயனாக நடப்பாண்டில், 8 சதவிகித வளர்ச்சியை நம்பிக்கையுடன் எதிர்நோக்குகிறது.



## விவசாயத் துறை

252.23 மில்லியன் டன்கள் உணவு தானியங்களை உற்பத்தி செய்ய 2015-16ஆம் ஆண்டில் இந்தியா முனைந்துள்ளது. இது மத்திய அரசு நிர்ணயித்த இலக்கை விட 4.5 சதவிகிதம் குறைவு. இருப்பினும், அபரிமிதமான மழையின் பொருட்டு உணவு தானிய உற்பத்தியை 270.10 மில்லியன் டன்களாக உற்பத்தி செய்ய இலக்கு நிர்ணயித்துள்ளது.

வேளாண்மை வளர்ச்சி 6 சதவிகிதமாக இருக்கும் என்று மத்திய அரசு கணித்துள்ளது. வேளாண்மை வளர்ச்சியால் ஒட்டுமொத்த பொருளாதார வளர்ச்சி ஒரு சதவிகிதம் அதிகரிக்க வாய்ப்புள்ளது. பரவலான மழை காரணமாக முக்கிய குறுவை பயிர்களான நெல், பருப்பு வகைகள் மற்றும் எண்ணை வித்துக்கள் நடவு நன்கு கூடியிருப்பதால், சிறப்பான அறுவடை கிடைக்க வாய்ப்புகள் உயர்ந்துள்ளது. இதனால், உணவின் பொருட்டு ஏற்படும் பணவீக்கம் தளர்ந்து, பண்ணை வருமானம் உயர்ந்து, பொதுமக்களின் நுகர்வு அதிகரித்து, ஒட்டுமொத்த ஒரு நல்ல பொருளாதார வளர்ச்சியை ஊக்குவிக்கும் என்று எதிர்பார்க்கப்படுகிறது.

## தொழில் துறை

தொழில் உற்பத்தி குறியீட்டு எண், மின்சாரம் மற்றும் சுரங்கத்துறையின் ஆரோக்கியமான வளர்ச்சியால் 2.1 சதவிகிதம் உயர்ந்துள்ளது. உற்பத்தித் துறை 0.9 சதவிகிதம் மட்டுமே வளர்ந்துள்ளது.

நுகர்வோர் விலை குறியீட்டு எண் அடிப்படையிலான பணவீக்கம் உணவுப் பொருட்களின் விலை ஏற்றத்தால் ஜூலை 2016ல் ஒரு மாதத்திற்கு முன்பு இருந்த 5.77 சதவிகிதத்திலிருந்து 6.07 சதவிகிதமாக உயர்ந்துள்ளது.

## வாகனத் தொழில் துறை

வாகனத்துறையின் செயல்பாடுகள், நம்மைப்போன்ற வங்கிசாரா நிதி நிறுவனங்களின் செயல்பாட்டிலும், இலாபம் ஈட்டுவதிலும் ஒரு நேரடித் தாக்கத்தை ஏற்படுத்தும். வாகனத்துறை 2015-16ல் ஒரு பாங்கான வளர்ச்சி பெற்றாலும் அதன் சில பிரிவுகளின் வளர்ச்சி குன்றி காணப்பட்டது. சென்ற 2014-15ல் 0.28 சதவிகிதம் எதிர்மறை வளர்ச்சியாக இருந்த சரக்கு வாகனங்களின் உற்பத்தி தற்போது 2015-16ல் 12.10 சதவிகிதமாக அதிகரித்துள்ளது. நடுத்தர மற்றும் கனரக சரக்கு வாகனங்களின் உற்பத்தி கடந்த ஆண்டின் 2.69 லட்சங்களின் எண்ணிக்கையிலிருந்து நடப்பாண்டில் 3.41 லட்சங்களாக உயர்ந்து, 27.04 சதவிகித வளர்ச்சியை பதிவு செய்துள்ளது. இலகு ரக சரக்கு வாகனங்களின் உற்பத்தி 4.30 லட்சங்களிலிருந்து 4.42 லட்சங்களாக அதிகரித்து, 2.77 சதவிகித வளர்ச்சியை பதிவு செய்துள்ளது.

2014-15ல் 8.40 சதவிகித எதிர்மறை வளர்ச்சியிலிருந்த சரக்கு வாகனங்களின் மொத்த விற்பனை 2015-16ல் 11.51 சதவிகித வளர்ச்சியை பதிவு செய்தது. ஒட்டு மொத்த சரக்கு வாகனங்களின் பிரிவு கடந்த ஆண்டின் (ஏப்ரல்-ஜூலை 2015 வரையிலான



நான்கு மாதங்களில்) இதே காலகட்டத்தின் அளவை விட 9.65 சதவிகிதம் உயர்ந்துள்ளது. இது போலவே ஏப்ரல் - ஜூலை 2016 வரையிலான நான்கு மாதங்களில் நடுத்தர மற்றும் கனரக சரக்கு வாகனங்களின் வளர்ச்சி 8.51 சதவிகிதமாகவும், இலகுரக சரக்கு வாகனங்களின் வளர்ச்சி 10.50 சதவிகிதமாகவும் உயர்ந்துள்ளன.

**Certified True Copy  
For SAKTHI FINANCE LIMITED**

### **நமது நிறுவனத்தின் செயல்பாடுகளும் முடிவுகளும்**

உங்கள் நிறுவன செயல்பாட்டின் முடிவுகள், தொடர்ந்து சிறப்பாக இருந்து கொண்டிருக்கின்றன என்பதை நான் உங்களுக்கு மகிழ்ச்சியுடன் தெரிவித்துக் கொள்கிறேன். சென்ற நிதியாண்டில் ₹ 502.66 கோடிகளாக இருந்த தவணைக் கொள்முதல் பட்டுவாடா, 2015-16ல் ₹ **525.62** கோடிகளாக உயர்ந்துள்ளது. மொத்த வருமானம் முந்தைய ஆண்டின் ₹ 150.62 கோடிகளிலிருந்து ₹ **172.07** கோடிகளாக உயர்ந்துள்ளது. தவணைக் கொள்முதல் வருமானமும் முந்தைய ஆண்டின் ₹ 139.39 கோடிகளிலிருந்து ₹ **160.30** கோடிகளாக உயர்ந்துள்ளது. 2015-16ம் ஆண்டில் தேய்மான ஒதுக்கீட்டிற்கு முந்தைய லாபம், சென்ற ஆண்டின் ₹ 23.70 கோடிகளிலிருந்து, ₹ **27.57** கோடிகளாக உயர்ந்துள்ளது.

நடப்பு நிதியாண்டில் தேய்மானம், செலவின் நிதிக்குவை மற்றும் இதர கழிவுகளுக்கு பிந்தைய வருமான வரிக்கு முந்தைய லாபம் ₹ **24.72** கோடிகளாகும். சென்ற ஆண்டு 2014-15ல் இது ₹ 21.29 கோடிகளாகும், கீடந்த ஆண்டில் வரிக்குப் பிந்தைய ₹ 15.85 கோடிகளாக இருந்த லாபம், ₹ **4.32** கோடிகள் அசாதாரண செலவின் காரணமாக, இந்த ஆண்டு ₹ **12.53** கோடிகளாக குறைந்துள்ளது.

முன்னுரிமை பங்குகளுக்கான இடைக்கால மற்றும் விகிதாச்சாரப்படி கொடுக்கப்படும் ஈவுத் தொகைக்கு பின்பும், சாதாரணப் பங்குகளின் ஈவுத்தொகை 10 சதவிகிதமாக இந்த ஆண்டும் பராமரிக்கப்படுகிறது. லாப நஷ்ட ஆவணத்தில், தொடக்கத்தில் உள்ள உபரித்தொகையான ₹ 21.12 கோடிகளுக்கு பதிலாக இருப்புத் தொகை கம்பெனிகள் சட்டம் 2013ன் படி, கடன் பத்திர மீட்புக்காக ₹ **9.60** கோடிகள் ஒதுக்கப்பட்டதன் பொருட்டு ₹ **14.73** கோடிகளாக குறைந்துள்ளது.

### **மாறுதலுக்கு உட்படாத, ஈடுள்ள, மீட்கப்படக்கூடிய கடன் பத்திர பொது வெளியீடு**

இந்த வருடம் 2016ல் ஏப்ரல் - மே மாதங்களில் நமது நிறுவனம் ₹ 1,000 முகமதிப்பில் ஈடுள்ள, மீட்கப்படக்கூடிய, மாறுதலுக்கு உட்படாத கடன் பத்திரங்களை ₹ 100 கோடிகளுக்கு (கூடுதலாக கிடைக்கக் கூடிய ₹ 100 கோடிகளைச் சேர்த்து ₹ 200 கோடிகள் வரை ஏற்றுக் கொள்ளக் கூடிய வரம்பில்) இரண்டாவது பொது வெளியீடாக வழங்கிய கடன் பத்திரங்களின் மூலம் ₹ 164.87 கோடிகளை திரட்டியுள்ளது என்பதை மகிழ்ச்சியுடன் தெரிவித்துக் கொள்கிறேன். 16,48,708 கடன் பத்திரங்கள் தகுதியுள்ள விண்ணப்பதாரர்களுக்கு 18 மே 2016 அன்று வழங்கப்பட்டுள்ளது. இந்த கடன் பத்திரங்கள் மும்பை பங்குச் சந்தையில் ஏற்றுக் கொள்ளப்பட்டு 23 மே 2016 அன்று பட்டியலிடப்பட்டது. இதில் பெறப்பட்ட தொகை முழுவதும் கம்பெனியின் வணிக நடவடிக்கைகளுக்கு பயன்படுத்தப்படும்.



## கம்பெனியின் 2016-17-ம் ஆண்டிற்கான வாய்ப்புகள்

நடப்பு நிதியாண்டிலும் கடன் பத்திரங்களை வெளியிட்டும், வங்கிகளில் நிதிஉதவிகள் பெற்றும், இதர வழிகளிலும் நிறுவனத்தின் நிதி ஆதாரத்தை மேம்படுத்த திட்டமிட்டிருப்பதால், கம்பெனி மேலும் முன்னேற வாய்ப்புள்ளது. இந்த பின்னணி நடப்பு வருடத்தில், உங்கள் கம்பெனி அதிக அளவில் பணப்பட்டுவாடா செய்யவும் கூடுதல் லாபம் ஈட்டவும் வழி வகுக்கும்.

## நமது அரசின் சாதகமான வளர்ச்சிக்கான நடவடிக்கைகள்

மத்திய அரசின் லட்சியங்களுடன் கூடிய முயற்சிகளான மேக் இன் இந்தியா, ஸ்டார்டப் இந்தியா, டிஜிட்டல் இந்தியா, ஸ்கில் இந்தியா, மற்றும் நிதி இலக்கை அடைய வலுப்பெற்றிருக்கும் அர்ப்பணிப்பும், உள்கட்டமைப்புகள் ஏற்படுத்துவதில் கவனம் செலுத்துதல் ஆகியவையும், முதலீடுகளின் வாய்ப்பை பிரகாசிக்க வைக்கும். சுலபமாக தொழில் செய்வதை மேம்படுத்தும் பொருட்டு, நமது அரசு எடுத்துவரும் தொடர் நடவடிக்கைகள் அந்நிய நேரடி முதலீடு கணிசமான அளவுக்கு அதிகரிக்க உதவியுள்ளது. சரக்கு மற்றும் சேவை வரிகள் (ஜிஎஸ்டி) அமலாகும் பட்சத்தில் வாகனத் துறையில் வரிவிதிப்பு அளவு குறைந்து அதன் மூலம் பல நன்மைகள் வங்கி சாரா நிதி நிறுவனங்களுக்கு கிடைக்கும் என்று நம்புகிறோம்.

சிறந்த பொருளாதாரக் கொள்கைகளாலும், நல்ல பருவ மழையாலும், மற்றும் ஏழாவது சம்பளக் கமிஷனின் பரிந்துரைகள் செயல்பாட்டிற்கு வர இருப்பதாலும், நடப்பாண்டில் வாகனத்துறை 6-8 சதவிகித வளர்ச்சி பெறும் என்று இந்திய மோட்டார் வாகன உற்பத்தியாளர்கள் சங்கம் (சியாம்) எதிர் நோக்குகிறது.

## நன்றி பாராட்டுதல்

பங்குதாரர்களுக்கும், வாடிக்கையாளர்களுக்கும், வைப்பு நிதி அளித்து உதவி வருபவர்களுக்கும், நிதி உதவி அளித்துவரும் வங்கி மற்றும் இதர நிதி நிறுவனங்களுக்கும், தர மதிப்பீடு செய்துவரும் நிறுவனத்திற்கும், நமது நிறுவனத்தின் அனைத்து அலுவலர்களுக்கும் இயக்குநர்கள் சார்பாக எனது மனமார்ந்த நன்றியை தெரிவித்துக் கொள்கிறேன்.

அன்னை சக்தி தேவி நமக்கு நல்வழிகாட்டி, நமது எல்லா முயற்சிகளும் வெற்றிபெற அருள் மழை பொழிய வேண்டுகிறேன்.

நன்றி, வணக்கம்.

24 செப்டம்பர் 2016  
கோயம்புத்தூர்

டாக்டர் ம. மாணிக்கம்  
தலைவர்



**SAKTHI FINANCE**  
AN EDIFICE BUILT ON TRUST

S. VENKATESH  
Company Secretary

*Statement of Chairman **Dr. M. MANICKAM**  
on the Company's performance for  
the year ended 31st March 2016*

Dear Shareholders,

It gives me great pleasure to welcome you all to the 59th Annual General Meeting of the Shareholders of the Company. The Board's Report and the Audited Financial Statements of the Company for the year ended 31st March 2016 have been with you for some time and with your permission, I shall take them as read.

### **Economic Environment**

During the year, the broader global economic and political conditions were turbulent. The global economic growth declined to 3.1 per cent in 2015 as against 3.4 per cent in 2014. According to the International Monetary Fund (IMF), the global growth is projected to remain modest at 3.2 per cent in 2016 and may touch 3.5 per cent in 2017. Emerging economies and developing economies are expected to contribute for a significant share of global growth.

India's stellar economic performance of 7.6 per cent of GDP growth stands out against the backdrop of the slow-growth world. India continues to consolidate the gains achieved in restoring macro-economic stability. The growth was largely due to the accelerated growth in Industrial production and high growth in the services sector. Agricultural output grew by a meagre 1.2 per cent which was an improvement over output contraction experienced in the previous year. For the quarter ended April - June 2016, the Gross Domestic Product (GDP) grew at 7.1 per cent. However, the Finance Ministry is optimistic of close to 8 per cent growth this fiscal, with the good monsoon and seventh pay commission award.

### **Agricultural Sector**

India is likely to produce 252.23 million tonnes (MT) of food grains during 2015-16, 4.5 per cent lower than the target set by the Central Government. However, with bountiful rains, an ambitious target of 270.10 million tonnes of food grains output has been set.



Central Government has further predicted that the agricultural growth will be at 6 per cent this year. The robust growth in agriculture can add up to one per cent to the overall economic growth. Wide-spread monsoon rains have boosted the planting of key Kharif crops, such as rice, pulses and oil seeds, raising the prospects of good harvest. This is expected to ease food inflation, lift farm income and boost consumption, aiding overall economic growth.

### **Industrial Sector**

The Index for Industrial Production grew by 2.1 per cent led by robust growth in electricity and mining sector. The manufacturing sector grew only by 0.9 per cent.

The Consumer Price Index based inflation increased to 6.07 per cent in July 2016 against 5.77 per cent a month ago, led by higher food prices.

### **Automobile Industry**

The automobile sector's performance has a direct bearing on the operations and profitability of NBFCs, like ours. During 2015-16, the automobile sector showed a decent growth with some segments posting a negative growth. The commercial vehicles production showed a growth of 12.10 per cent in 2015-16 as against a negative growth of 0.28 per cent in 2014-15. During 2015-16, the production of Medium and Heavy Commercial Vehicles (M&HCVs) was 3.41 lakh units as against 2.69 lakh units, recording a growth of 27.04 per cent. The production of Light Commercial Vehicles (LCVs) increased to 4.42 lakh units as against 4.30 lakh units, registering a growth of 2.77 per cent.

The total sales of Commercial Vehicles registered a growth of 11.51 per cent during 2015-16 as against a decline of 8.40 per cent in 2014-15. The overall Commercial Vehicles segment posted a growth of 9.65 per cent in April-July 2016 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a growth of 8.51 per cent and the Light Commercial Vehicles (LCVs) grew by 10.50 per cent during April-July 2016 as against that in the same period during last year.

### **Working results of the Company**

I am pleased to inform you that the working results of your Company continue to be better. For the financial year 2015-16, the hire purchase disbursements have increased to ₹ **525.62** crore as against ₹ 502.66 crore in the previous year. The total income has increased to ₹ **172.07** crore as against ₹ 150.62 crore in the previous year. The income from Hire Purchase operations have gone up to ₹ **160.30** crore as against ₹ 139.39 crore in the previous year. The profit before



depreciation is ₹ **27.57** crore as against ₹ 23.70 crore of previous year. In 2015-16, after providing depreciation, amortization and other provisions, the profit before tax has gone up to ₹ **24.72** crore as against ₹ 21.29 crore in 2014-15. The profit after tax has declined to ₹ **12.53** crore due to exceptional charges of ₹ **4.32** crore as against ₹ 15.85 crore in 2014-15. After paying an interim dividend on preference shares, the dividend on equity capital has been maintained at 10%. As against the opening surplus in the statement of profit and loss of ₹ 21.12 crore, the balance carried forward is reduced to ₹ **14.73** crore. The reduction is partially attributable to creation of Debenture Redemption Reserve for ₹ **9.60** crore as required under the Companies Act 2013.

### **Public Issue of Secured, Redeemable, Non-Convertible Debentures**

I am happy to inform that during April-May 2016, the Company successfully made a second Public Issue of Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹ 1,000 each for an amount up to ₹ 100 crore with an option to retain over-subscription up to ₹ 100 crore, aggregating to ₹ 200 crore. The company received subscription to the extent of ₹ 164.87 crore. The Company made allotment of 16,48,708 NCDs to the eligible applicants on 18th May 2016. The NCDs were listed and admitted to dealings with BSE Limited with effect from 23rd May 2016. The funds raised in the issue are being used for the purpose of business operations of the Company.

### **Company's Prospects for 2016-17**

Company's prospects for the financial year 2016-17 will show further improvement as the Company has planned to raise resources by issue of NCDs, from banks and other sources. In this backdrop, your company is likely to make higher disbursements during the current year and this will lead to better profitability.

### **Government's positive steps for growth**

The Central Government's ambitious initiatives like, Make in India, Start-up India, Digital India, Skill India, strong commitment to fiscal targets and the focus on infrastructure creation are expected to brighten the investment horizon. The government has also taken a series of steps to enhance the ease of doing business which has also helped the FDI inflow into the country to improve significantly. The passage of Goods and Services Tax (GST) is expected to lower the taxation levels in the Automobile Sector, which will in turn, enure benefits to NBFCs.

The Society of Indian Automobile Manufacturers (SIAM) expects the Automobile Industry to grow at 6 to 8 per cent for the current year in view of

better outlook for the economy, good monsoon and implementation of Seventh Pay Commission recommendations.

### **Acknowledgements**

On behalf of the Board of Directors, I wish to convey my sincere thanks to the shareholders, customers, depositors, bankers, financial institutions, credit rating agencies and employees of the Company.

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

24th September 2016  
Coimbatore

**M Manickam**  
Chairman

*Note: This does not purport to be a report of the proceedings of the 59th Annual General Meeting of the Company.*

**Certified True Copy  
For SAKTHI FINANCE LIMITED**

  
**S. VENKATESH**  
Company Secretary