

 **SAKTHI FINANCE**
AN EDIFICE BUILT ON TRUST

SFL:CG0913:077:2013-14

4th October 2013

| | |
|---|--|
| BSE Limited Floor 25, P J Towers Dalal Street Fort Mumbai - 400 001 | Madras Stock Exchange Limited Exchange Building P O Box No.183 30, Second Line Beach Chennai - 600 001 |
| Fax Nos:022 - 22723121 / 22723719 / 22722309 | Fax No: 044 - 25244897 |
| Scrip Code: 511066 | Scrip Code : SKF |
| Email:corp.compliance@bseindia.com | mse_listing@mseindia.in |
| Kind Attn: Mr Jayesh Ashtekar Manager, DCS | Mr P Sampath Kumar Assistant General Manager |

Sirs,

Compliance Report on Corporate Governance for the quarter ended 30th September 2013

As required under Clause 49 of the Listing Agreement, we enclose in the Annexure the compliance Report on Corporate Governance for the quarter ended 30th September 2013 in the exchange prescribed format.

We also enclose a certified true copy of Annual Report of our Company for the year ended 31st March 2013 for your ready reference.

We request you to take the documents on record.

Yours faithfully
For Sakthi Finance Limited


S Venkatesh
Company Secretary



Encl: (2)

Sakthi Finance Limited

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

QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE

ANNEXURE

| | |
|---------------------|----------------------------|
| Name of the Company | : Sakthi Finance Limited |
| Stock Code | : BSE - 511066 / MSE - SKF |
| Quarter ended | : 30th September 2013 |

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| Sl No | Particulars | Clauses of Listing Agreement | Compliance status (Yes/No) | Remarks |
|-------|--|------------------------------|----------------------------|---|
| 1 | 2 | 3 | 4 | 5 |
| I | Board of Directors | 49 (I) | | |
| | A. Composition of the Board | 49(IA) | Yes | The Board of Directors consist of seven Directors. The Board has a non-executive Chairman representing the promoter group. The Company has four Independent Directors on its Board. Hence the Company continues to comply with Clause 49 (IA) of the Listing Agreement. |
| | B. Non-executive Directors' compensation and disclosures | 49(IB) | Yes | The non-executive directors are being paid only sitting fees. The details have been disclosed under Corporate Governance Report (Page No.13) of the Annual Report for the year ended 31st March 2013. |
| | C. Other provisions as to Board and Committees | 49(IC) | Yes | <ol style="list-style-type: none"> Two Board Meetings were convened during this quarter on 20th July 2013 and 14th August 2013 to consider the general matters and the unaudited financial results for the quarter ended 30th June 2013 respectively. The time gap between two Board meetings is within four months only. The information placed before the Board is as given in the Annexure IA to Clause 49 of the Listing Agreement. No Director is a member of more than ten Committees or acting as Chairman of more than five Committees in public limited companies in which he is a director. All directors have informed the company about the position of committee membership they occupy in other companies. The Board periodically reviews the compliance reports of all applicable laws from the Senior Management Team. |
| | D. Code of Conduct | 49(ID) | Yes | The company has adopted a Code of Conduct for Directors and Senior Management Team. The Company has also obtained necessary declarations from the Board Members and Senior Management Personnel. A declaration to this effect was disclosed under Corporate Governance Report (Page No.20) of the Annual Report for the year ended 31st March 2013. |



| SI No | Particulars | Clauses of Listing Agreement | Compliance status (Yes/No) | Remarks |
|------------|---|------------------------------|----------------------------|---|
| 1 | 2 | 3 | 4 | 5 |
| II | Audit Committee | 49(II) | | |
| | A. Qualified and Independent Audit Committee | 49(IIA) | Yes | 1. The Company has an Audit Committee consisting of qualified and independent directors as its members. 2. Constitution of Audit Committee has been disclosed under Corporate Governance Report (Page No.12) of the Annual Report for the year ended 31st March 2013. 3. The committee consists of three non-executive directors of which two are independent directors. 4. All the members of Audit Committee are financially literate. 5. The Chairman of Audit Committee is an independent director. |
| | B. Meeting of Audit Committee | 49(IIB) | Yes | The Committee held a meeting during the quarter on 13th August 2013. |
| | C. Powers of Audit Committee | 49(IIC) | Yes | The Committee is vested with necessary powers as stipulated in the Listing Agreement. |
| | D. Role of Audit Committee | 49(IID) | Yes | The Committee performs its role as stipulated in the Listing Agreement. |
| | E. Review of information by Audit Committee | 49(IIE) | Yes | The Committee reviews all information submitted to it as mandated in the Listing Agreement. |
| III | Subsidiary Companies | 49(III)(I) | Not Applicable | --- |
| IV | Disclosures | 49(IV) | | |
| | A. Basis of related party transactions | 49(IVA)(i) | Yes | A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for approval. |
| | | 49(IVA)(ii) | | There was no material individual transaction with related parties which are not in the normal course of business during the quarter ended 30th September 2013. |
| | | 49(IVA)(iii) | | There was no material individual transaction with related parties which are not on an arm's length basis during the quarter ended 30th September 2013. |
| | B. Disclosure of Accounting treatment | 49(IVB) | Yes | The Company complies with applicable accounting standards. |
| | C. Board Disclosures - Risk Management | 49(IVC) | Yes | Various risk assessment and minimisation procedures are discussed. |
| | D. Proceeds from Public issues, rights issues, preferential issues etc. | 49(IVD) | | Not Applicable |



| Sl No | Particulars | Clauses of Listing Agreement | Compliance status (Yes/No) | Remarks |
|-------|------------------------------|------------------------------|----------------------------|--|
| 1 | E. Remuneration of Directors | 49(IV)(E)(i) | Yes | There is no pecuniary relationship or transactions with non-executive directors of the Company, except as approved under Section 297 of the Companies Act 1956. |
| | | 49(IV)(E)(ii) | Yes | The Company has disclosed the details of remuneration paid to Vice Chairman and Managing Director in the Corporate Governance Report (Page No.13) of the Annual Report for the year ended 31st March 2013. |
| | | 49(IV)(E)(iii) | Yes | As no remuneration is paid to non-executive directors except sitting fees for attending the Board and Committee Meetings, no disclosure is made on this account. |
| | | 49(IV)(E)(iv) | Yes | The company has disclosed the number of shares held by the non-executive directors in the Corporate Governance Report (Page No.13) of the Annual Report for the year ended 31st March 2013. |
| | | 49(IV)(E)(v) | Yes | The number of shares held by the non-executive directors proposed to be re-appointed as directors is disclosed by the company in the Annexure (Page No.4) to the Notice to the Annual General Meeting for the year ended 31st March 2013. |
| | F. Management | 49(IV)(F)(i) | Yes | A Management Discussion and Analysis Report forms part of the Annual Report (Page Nos.8-9) for the year ended 31st March 2013. |
| | | 49(IV)(F)(ii) | Yes | The Senior management does not have any material financial and commercial transactions where they have personal interest that may have a potential conflict with the interest of the Company during the quarter ended 30th September 2013. Hence the Clause is not applicable. |
| | G. Shareholders | 49(IV)(G) | Yes | 1. Details regarding reappointment of directors has been made in the Annexure (Page No.4) to the Notice of the Annual Report for the year ended 31st March 2013. |
| | | | Yes | 2. The quarterly reports are being regularly sent to the stock exchanges to display it on their website and also hosted on the company's website. |
| | | | Yes | 3. The Company has constituted a "Shareholders' and Investors' Grievance Committee" to redress the shareholders' grievances. A dedicated e-mail ID has been put in place to attend to investors' grievances. |
| | | | Yes | 4. The Company has assigned the work of share transfers to S.K.D.C Consultants Limited, a SEBI recognised independent Registrars and Share Transfer Agents and they are attending the work on a regular basis. |



Name of the Company : Sakthi Finance Limited
 Stock Code : BSE - 511066 / MSE - SKF
 Quarter ended : 30th September 2013

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| SI No | Particulars | Clauses of Listing Agreement | Compliance status (Yes/No) | Remarks |
|-------|--------------------------------|------------------------------|----------------------------|---|
| 1 | 2 | 3 | 4 | 5 |
| V | CEO / CFO Certification | 49(V) | Yes | Vice Chairman and Managing Director and Senior President (Finance and Corporate Services) submitted a Certificate to the Board of Directors on 14th August 2013 while considering the unaudited Financial Results for the quarter ended 30th June 2013. |
| VI | Report on Corporate Governance | 49(VI)(i) | Yes | A report on Corporate Governance forms part of the Annual Report (Page Nos.10-20) for the year ended 31st March 2013. |
| | | 49(VI)(ii) | Yes | Quarterly report for each quarter is submitted within the prescribed time limit. |
| VII | Compliance | 49(VII) | Yes | Auditors' Certificate on Corporate Governance forms part of the Annual Report (Page No.20) for the year ended 31st March 2013. |

4th October 2013
 Coimbatore - 641 018

For SAKTHI FINANCE LIMITED




 S. VENKATESH
 Company Secretary